

Swiss Contesting Scope of Accord Over Holocaust

'Global Settlement' Too Broad, Banking Officials Now Say; National Bitterness Rising

By Alan Cowell
New York Times Service

ZURICH — Days after Switzerland's main banks agreed in New York to negotiate a settlement with Holocaust victims, significant differences have begun to emerge over the scope of the accord.

While the agreement reached Thursday was portrayed in New York as a "global settlement," Swiss banking officials said that its prime focus would be more limited, centering on the question of bank accounts left untouched since World War II.

The distinction is important because it underscores the reluctance not only of Swiss banks but also of the Swiss government, the Swiss National Bank and many other institutions here to be drawn into a multibillion-dollar compensation fund for a far broader range of Holocaust loss — such as compensation for looted assets stashed in Switzerland by the Nazis and profits deposited by companies using slave labor.

The newest agreement, struck in an attempt by the big three Swiss banks to avert sanctions by American city and state governments, aroused anger in Switzerland.

Many Swiss people here said, now feel that the demands being made of them by U.S. Jewish organizations go beyond all justification, deepening a feeling that Switzerland as a whole, not just its banks, is being blackmailed.

"Today, that is quite a common word," said Martin Roscnfeld, a lawyer in Bern, who is secretary-general of the Swiss Association of Jewish Communities, representing the country's 18,000 Jews.

The target for some anger, moreover, is not only American Jewish organizations but also Swiss Jews, said Rolf Bloch, who administers a \$180 million fund set up last year to help needy Holocaust survivors.

"There is a certain animosity, a certain resentment, a certain feeling against Jews in general and also against Swiss Jews," he said.

And, in a marked break with a one-time tradition of loyalty to their banks, some Swiss commentators have begun to accuse the banks themselves of acting rashly, setting a precedent in New York that will encourage pressures on other institutions, such as insurance companies and industries, and even gambling away what one newspaper called "Swiss dignity" for the sake of their balance sheets.

"This striving for 'global' solution for the partial interests of the big banks in America leaves the global interests of Switzerland out of the picture," said the conservative newspaper Neue Zuercher Zeitung.

"And this is what could lead to the next potential

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WILD KINGDOM — President Bill Clinton and his wife, Hillary, watching elephants Monday in Botswana. In his African tour, Mr. Clinton has been offering a partnership, but some nations, like South Africa, are wary. Page 9.

Britons Lament the Loss of Rolls-Royce

By Edmund L. Andrews
New York Times Service

FRANKFURT — Rolls-Royce, Britain's manufacturer of hand-burnished luxury automobiles and a cherished symbol of national pride, is about to be sold to BMW, the German car company.

The company's current owner, Vickers, announced Monday that BMW had submitted a top bid of £340 million (\$570 million) in a six-month auction. The big losing bidder was Volkswagen, followed by a British investment firm and a dismayed consortium of Rolls-Royce enthusiasts who had hoped to rescue their beloved company from foreign hands.

If the sale is consummated as planned, Britain's last domestic automobile manufacturer will be in foreign hands. Ford Motor Co. acquired Jaguar and Aston-Martin in the 1980s, and BMW acquired Rover in 1994.

British loyalists to Rolls-Royce proclaimed themselves shocked and in grief, and some vowed to fight back with a higher offer.

"BMW makes nice little cars, but they are not luxury cars," snorted Michael Schimpf, who heads one of two groups of Rolls-Royce fans and had been trying to assemble his own bid when he got



Graham Morris, chief executive of Rolls-Royce, with a Silver Seraph on Monday. BMW is to buy the British company.

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Appealing for Asylum, 12 Crash Into UN's Offices in Malaysia

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — In a desperate attempt to avoid being sent back to Indonesia, 12 asylum seekers crashed a truck through the gates of a United Nations office here Monday as Malaysia deported nearly 1,500 more illegal immigrants.

The police cordoned off the area around the offices of the UN High Commissioner for Refugees, but said they would not enter the compound, citing diplomatic immunity.

Speaking from inside the compound,

Gottfried Koefoer, head of the high commissioner's office in Kuala Lumpur, said there were 14 people in the truck, 2 of them residents of Malaysia. The 12 others were being interviewed to see if they qualified for refugee status, he said.

The asylum attempt further complicates Malaysia's efforts to rid the country of thousands of illegal immigrants, most of them from Indonesia.

Sadako Ogata, the High Commissioner for Refugees, on Monday urged Malaysia to stop deporting refugees from the separatist Indonesian region of Aceh, saying that genuine

refugees in need of international protection might be among those sent back.

[The Malaysian Parliament rejected a motion to discuss political refugees and last week's riots, The Associated Press reported. Ong Tee Keat, deputy speaker of the lower house, insisted that the matter was not urgent. The Bernama news agency quoted Mr. Ong as having said that all those who have been deported were in the country illegally and that the question of political refugee status would not be addressed.]

On Thursday, Indonesians at a detention center outside Kuala Lumpur rioted, burning

down half the complex and killing a police officer with metal rods and sharpened pieces of wood. The police retaliated, killing at least eight of the inmates.

Despite the violence, Kuala Lumpur has vowed to speed up the deportation program. Malaysian police sent home more than 500 Indonesians on Monday and 1,133 on Saturday.

The government estimates that there are 800,000 illegal foreign workers in Malaysia. The 12 asylum seekers told UN officials they

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Permanently Temporary High-Tech Firms Rely on New Working Class

By Steven Greenhouse
New York Times Service

REDMOND, Washington — They hold high-prestige, high-technology jobs at Microsoft's plush campus. They often do the same work as the Microsoft Corp.'s permanent employees, developing CD-ROMs, designing World Wide Web sites and writing software manuals. Yet they do not qualify for Microsoft's coveted stock options, and their health and vacation benefits are pale imitations of those enjoyed by regular Microsoft workers.

They are long-term temps — a seeming oxymoron, but in fact a new and growing phenomenon in the American work force, embraced by many corporations, especially high-tech ones, including Microsoft, AT&T, Intel, Hewlett-Packard and Microsoft's Seattle neighbor, Boeing.

In this era of intense competition and change, management theorists have recommended that corporations stick to their core capabilities and maintain core work forces. The corollary is that

companies should hire out for noncore activities.

In 1986, the number of temps employed each day in the United States was 800,000, but, according to the National Association of Temporary and Staffing Services, the number soared to 2.5 million last year or about 2 percent of the work force. At least 200,000 of them are long-term temps.

By some estimates, temps now represent at least 10 percent of the work force at one-fifth of U.S. corporations.

Microsoft is perhaps the leading practitioner of the trend toward long-term temps, employing about 5,000 temps, including 1,500 long-term ones — meaning that they have worked for the software colossus for at least a year. These temps work next to Microsoft's 17,000 domestic employees.

Some prefer the flexibility and the higher take-home pay that temp status affords, but many assail temping as a backdoor way to create a two-tier work force. The benefits that the lower tier

See TEMPS, Page 15

AGENDA

Mideast Talks 'In Dire Straits'

WASHINGTON (Reuters) — The State Department spokesman described Israeli-Palestinian peace efforts Monday as being "in dire straits" after a mission by its senior peace envoy failed to break the logjam between the parties.

"We have been unable to bridge the gaps on the hard questions," said the department spokesman, James Rubin.

He said the United States had not made a decision to walk away from its role as Middle East mediator, although that remained "an option."

Washington, he said, had worked hard to develop negotiating proposals that could be accepted by Israelis and Palestinians, but "in the absence of decisions by those leaders to bridge the gaps themselves, there isn't that much the United States can do."

The U.S. envoy, Dennis Ross, ended a diplomatic mission Monday in the Middle East, citing diminishing hopes. Page 2.

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PLAY BALL — Cal Ripken showing midseason form in the final baseball exhibition game. Page 22.

Economic Woes Mount in Japan, Raising Chances Of Tax-Cut Cure

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TOKYO — Clouds over the Japanese economy darkened Monday as February industrial production fell further than expected and output forecasts for the coming months showed no relief ahead.

The data are expected to increase pressure on Prime Minister Ryutaro Hashimoto and the governing Liberal Democratic Party to step up plans to cut taxes. Mr. Hashimoto signaled Monday that he may finally bow to that pressure.

"Considering the present occasion, I will be flexible with measures I have to take," he told Parliament.

Industrial output fell 3.3 percent in February from the previous month, more than most economists had forecast, and was expected to fall 2.5 percent month-on-month in both March and April, the Trade Ministry said.

The data sent the benchmark Nikkei index of 225 stocks down 2.8 percent, or 476.22 points, to 16,263.04. The yen also fell sharply against the dollar. (Page 12)

"The worse-than-expected production figures assured me the economy is in terrible shape," said Yoshihito Ishii, a fund manager at Asahi Life Investment Management Co.

Inventory buildup, particularly high in cars and raw materials, continued in February for the fourth month in a row, with overall stock levels rising 0.5 percent from a month earlier. This was the main reason behind the weak production levels, a Trade Ministry official said.

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Newsstand Prices	
Bahrain.....1.000 BD	Malta......56 c
Cyprus.....C 2.1.00	Nigeria.....12500 Naira
Denmark.....14.00 Dkr	Oman.....1.250 OR
Finland.....12.00 Fm	Oester.....10.00 QR
Gibraltar.....£ 0.85	Rep. Ireland.....IR £ 1.00
Great Britain.....£ 0.90	Saudi Arabia.....10 SR
Germany.....DE 5.50	S. Africa.....R12.50
Egypt.....1.250 JD	U.A.E.....10.00 Dh
Jordan.....K SH. 160	U.S. Mil. (Eur).....\$ 1.20
Kuwait.....700 Fils	Zimbabwe.....Zm. \$40.00



The Dollar	
New York	Monday 3 P.M. previous close
DM	1.8482 1.8288
Pound	1.5778 1.583
Yen	132.085 130.32
FF	6.1912 6.122
The Dow	
Monday 3 30 P.M. previous close	
-29.15	8768.93 8796.08
S&P 500	
change	Monday 3 30 P.M. previous close
-4.14	1092.48 1096.62

The Collapse of Nigeria: Oil but No Fuel

By James Rupert
Washington Post Service

LAGOS — About 5 P.M., it was a little crazy at the Unipetrol gas station on Olanrewaju Street in north Lagos. About 270 cars and drivers nearly blocked the four-lane road, anxious and testy, because after a day of waiting there was now gasoline to be bought.

Soldiers with guns and whips held the crowd in control, if not in order, letting a few cars at a time drive up to the pumps. A 33-year-old salesman who gave his name only as Desmond edged his

battered brown Peugeot up to a pump and told weary attendants to fill it up.

"I've been waiting since 8 o'clock this morning," he said, pulling out a dirty wad of bills. "I've lost a day's work," he muttered. "I've hardly eaten."

Nigeria, one of the world's biggest oil-producing nations, is plagued, sometimes virtually paralyzed, these days by a desperate shortage of gasoline. The crisis is perhaps the most dramatic sign of how far this African giant has collapsed under a repressive military government, widely regarded

as one of the world's most corrupt. Shortages of gasoline, kerosene and diesel fuel have become routine in the 1990s.

But "this is the worst one ever in Nigeria," said H. O. Soyinka, the gas station operator.

Nigeria pumps more than 2 million barrels of crude oil each day — and its four refineries supposedly can make 445,000 barrels a day of gasoline, nearly twice the country's needs. But Nigeria's refineries — like its railroads, electrical

Chums on the School Bus / Their Common Interest Was Guns

In Jonesboro, an Odd and Deadly Couple

By Jon Jeter
Washington Post Service

JONESBORO, Arkansas — The older boy was full of boasts and big talk. Thirteen-year-old Mitchell Johnson would tell anyone who would listen that he belonged to a gang — sometimes the Bloods, other times the Crips. He once used a razor blade to carve a girlfriend's name faintly into his arm. He said he smoked marijuana. None of his classmates believed him.

The younger boy, Andrew Golden, 11, was known in the neighborhood for a foul mouth and short temper, the kind of kid that parents steered their children away from. "He could be a little terror at times," said one neighbor, who would not give his name. "He would pick on the girls or cuss somebody out in a second."

Still, Mitchell and Drew, as Golden was known, seemed no worse than bothersome or bullying until last Tuesday, when police here allege, the chunky teenager and wiry little boy carried out the most murderous plot this small town has ever seen.

With an arsenal of guns and ammunition stolen largely from Mitchell's grandfather, and wearing camouflage clothing, the two youths crouched in a wooded area outside Westside Middle School and opened fire on their teachers and classmates, police say, killing one teacher and four students.

There is no greater mystery here than the motives of the two boys. To neighbors, classmates and parents who knew them, there was nothing in their history or behavior that would foreshadow such a deliberately heinous act. If parents and their children considered them odd, it was in familiar, innocuous ways. Perhaps they were children at an awkward age.

"We're just like everyone else," said Doug Golden, Drew's grandfather. "We have no idea why. We never saw this coming. I mean never."

The two boys were an odd pair: The elder was from the Midwest and had relocated to this insular, Bible Belt town with his mother and stepfather; the younger was the only child of a hard-working, middle-class family whose roots here go back several generations. Their classmates say the two did not seem especially close. Their whole relationship seemed to exist on the brief bus rides to and from school, when the two usually sat next to each other.

The boys did have one interest in common: weapons. Each knew how to handle a gun. At times, schoolchildren said, Mitchell seemed to try too hard to impress his new peers with bragadocio. He talked about gangs and marijuana. In class, he was known to taunt girls, sometimes cruelly, and he boasted idly that he planned to beat up boys he didn't like.

Police doubt that Mitchell had any gang affiliation, particularly not in Jonesboro, where authorities say they are unaware of any street gangs.

"He was just a little punk," said Eric Cornwell, 13, a classmate. "He was weird, really annoying, but nobody really thought anything of it."



Doug Golden, Drew's grandfather, said some weapons found with the boys were highly sophisticated.



Mitchell Johnson, age 13.



Andrew (Drew) Golden, age 11.

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Like Mitchell, Drew was close to his grandparents. His parents worked long hours at the post office, and Drew spent much time at his grandparents' home, near the school and Johnson's home.

Both Drew's father and grandfather were avid hunters and taught the slightly built boy how to handle a rifle. Mitchell also was handy with guns, according to Mike Baskerville, an instructor in a gun safety course that the boy completed last year.

Drew Golden shot competitively in a national gun meet last year. While his grandfather has repeatedly told reporters that his grandson was a "good kid," neighbors describe Drew as often profane and surly. Parents said the boy had struck some girls in the neighborhood, although no one could recall any real harm being done.

Police say Drew set the boys' plan in motion Tuesday when he slipped out of class, pretending to go to the bathroom. Instead, authorities allege, he pulled the school fire alarm, then fled the building to join Johnson, who was at the edge of the woods near the school, already in place for the

massacre that took place over the next 20 seconds. As children and teachers emerged from the school, the gunfire began, slowly at first, then faster.

"We heard these shots," said Candace Porter, 11. "We thought it may have been a test to see how we'd react to such a thing." Then, "we knew it wasn't a test because there was people falling to the ground."

Porter, who was struck in the leg, was Mitchell's girlfriend for three days last month. Classmates said that their breakup, initiated by Porter, inspired the 13-year-old's anger.

Kara Tate, 11, said Mitchell had threatened violence. "He said he was definitely going to shoot Candace because she had broken up with him," she said.

But police say they are unsure of the boys' motives, and Porter told the Jonesboro Sun newspaper that when she broke off her relationship with Mitchell, he did not appear angry but merely turned and walked away. Moreover, Mitchell had brief relationships with other girls and did not react violently when they ended.

If the motives are unclear, however, police say

the intent was not. The attack was premeditated.

On the day of the shooting, Mitchell told his parents he had a stomach ache and did not want to attend school. Later, according to police and Doug Golden, the boys broke into Golden's home and walked out with weapons and ammunition. The youths had already stolen a 7-year-old Dodge minivan from Mitchell's parents.

Inside the van, the boys had packed sleeping bags, potato chips and soda. It appeared they planned to hide out in the woods after the shooting, though police say it's unclear where they planned to go.

When police officers caught the boys moments after the shooting, they discovered inside Drew's camouflage vest: 19 .44-caliber shells; 34 .357-caliber shells; 49 .380-caliber shells; 16 .30-caliber shells; 26 .357-magnum shells; six .30-caliber shells and three .30-caliber clips. He was carrying a rifle and three handguns.

Mitchell was carrying a deer-hunting rifle, four pistols, a .38-caliber revolver and two pocket knives. From the van and the boys, police recovered 10 firearms in all.

Mandela Sees Possible Hoax In Report on Coup Attempt

By Suzanne Daley
New York Times Service

JOHANNESBURG — The mystery surrounding the arrest of a former anti-apartheid guerrilla who is a government official is deepening. President Nelson Mandela said he had received a report linking the former guerrilla, several army generals and the president's former wife, Winnie Madikizela-Mandela, to a plot to overthrow the government.

But the president said the report, submitted to him by the chief of the army, General George Meiring, was probably a hoax. He said it might be part of a right-wing plot to undermine the nation's first black-led government.

Rumors have circulated for more than a week that the arrest on March 9 of the former guerrilla, Robert McBride, on gun-running charges in Mozambique was somehow linked to a coup plot.

Mr. McBride, who works in South Africa's Department of Foreign Affairs, is best known for carrying out a terrorist bombing in 1985 that killed three civilians. But he was released from death row as part of the negotiations for the country's transition to majority rule and was given a job in the government.

On Friday, Mr. Mandela appointed a judicial panel to investigate a secret report on a coup plot, but he gave no details. In an interview published in the Sunday Independent of Johannesburg, he said that the report had come from General Meiring and that it was based on the word of one informant, a man arrested with Mr. McBride.

Mr. Mandela said the judicial panel was supposed to find out how the report was compiled, why the source was not double-checked and why it bypassed the normal intelligence agency chain of command.

The report is another piece of what is becoming a complex mystery surrounding Mr. McBride. Some newspapers are suggesting that Mr. McBride, thinking he was helping to investigate the illegal arms trade, may have been duped into going to Mozambique by those behind the report.

Mr. Mandela said he had suspicions about the report as soon as he read it. There have been increasing reports in recent months of strain in the South African Army, which tried to integrate thousands of former anti-apartheid guerrillas into its ranks. Among those listed in the coup report are several of the highest-ranking former guerrillas, including Siphiwe Nyanda, the man most likely to replace General Meiring when he retires this summer.

Mr. Mandela said he was absolutely confident that the former guerrillas named in the report were loyal to him. "We must not be complacent," he said in a television interview. "But we are supremely confident that we are in total command. And any attempt, we will blot it out quickly and decisively."

The judicial panel includes Richard Goldstone, a judge on South Africa's highest court who was the chief prosecutor in the Rwandan and Balkan war crimes tribunals. It is expected to report to Mr. Mandela within two weeks.

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Hopes in Mideast Talks Fade, U.S. Envoy Says

Reuters

JERUSALEM — A U.S. diplomatic offensive to rescue Israeli-Palestinian negotiations neared its end on a bleak note Monday, with Dennis Ross, President Bill Clinton's special envoy to the Middle East, citing diminishing hopes for peace there.

"Obviously, the stalemate begins to diminish the hopes that people have for seeing a very different Middle East and for building and achieving peace," Mr. Ross said at the Egyptian resort of Sharm el Sheikh after briefing President Hosni Mubarak.

The envoy returned to Israel later Monday for yet another round of talks with Prime Minister Benjamin Netanyahu of Israel before heading back to Washington.

Mr. Netanyahu also sounded a pessimistic note over the ability of the latest U.S. shuttle diplomacy to break the yearlong peace freeze.

He said, "We are going to continue these discussions and probably get into whether in such a short schedule we'll iron out all the issues."

Palestinians took an even darker view of Mr. Ross's four-day peace mission. Hanan Ashrawi, a minister in the Pal-

estinian cabinet, said, "It is obvious that once again American efforts at attempting to resuscitate the peace process have come face to face with Israeli intransigence."

Mr. Ross is trying to promote a U.S. initiative to restart peace talks based on a further Israeli troop redeployment in the West Bank and parallel Palestinian steps against Muslim militants.

Mr. Ross's mission has been viewed as a critical last-ditch bid at diplomacy before Washington either goes public with its proposals — a move Israel wants to scuttle — or possibly washes its hands of the peace process.

The United States is reportedly seeking an Israeli pullback from 13.1 percent of the West Bank, a figure Israel says is "unacceptable" and compromises its security interests.

Mr. Netanyahu has said that Israel alone will decide its security needs and the scope of a long-delayed pullback.

Israeli political sources said Mr. Ross had not brought Mr. Netanyahu concrete answers from Yasser Arafat, the president of the Palestinian Authority, on what steps he would take on security. In parallel with a staged Israeli troop withdrawal.

Young and Sick Advised to Avoid Borneo

Reuters

CANBERRA — Australia's Foreign Affairs Department on Monday issued travel warnings advising pregnant women, all children and people suffering from heart and respiratory problems to avoid the island of Borneo, where forest fires are spreading a choking smog.

The warnings cover Brunei and the

Malaysian states of Sabah and Sarawak. They advised people to stay inside air-conditioned buildings or wear face masks if forced to venture outside.

Meanwhile, all 177 schools in the Malaysian town of Miri on Borneo have been ordered closed because of the smog, the official Bernama news agency said Monday.

WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe

Country	Today	Low	High	Low	High
Algeria	19/28	11/22	18/26	12/23	19/27
Austria	17/22	11/15	14/21	10/16	17/21
Belgium	15/20	10/13	12/18	9/14	15/20
Denmark	14/19	10/13	11/16	9/14	14/19
France	16/21	11/14	13/18	10/15	16/21
Germany	15/20	10/13	12/18	9/14	15/20
Greece	18/23	12/16	15/20	11/17	18/23
Ireland	14/19	10/13	11/16	9/14	14/19
Italy	16/21	11/14	13/18	10/15	16/21
Japan	17/22	11/15	14/21	10/16	17/21
Spain	18/23	12/16	15/20	11/17	18/23
Sweden	14/19	10/13	11/16	9/14	14/19
Switzerland	15/20	10/13	12/18	9/14	15/20
U.K.	14/19	10/13	11/16	9/14	14/19
U.S.	15/20	10/13	12/18	9/14	15/20

North America

Country	Today	Low	High	Low	High
Alaska	14/19	10/13	11/16	9/14	14/19
Canada	15/20	10/13	12/18	9/14	15/20
U.S.	16/21	11/14	13/18	10/15	16/21

Asia

Country	Today	Low	High	Low	High
China	16/21	11/14	13/18	10/15	16/21
India	17/22	11/15	14/21	10/16	17/21
Japan	17/22	11/15	14/21	10/16	17/21
South Korea	16/21	11/14	13/18	10/15	16/21
Taiwan	17/22	11/15	14/21	10/16	17/21
Thailand	18/23	12/16	15/20	11/17	18/23
Vietnam	17/22	11/15	14/21	10/16	17/21

Oceania

Country	Today	Low	High	Low	High
Australia	16/21	11/14	13/18	10/15	16/21
New Zealand	15/20	10/13	12/18	9/14	15/20

Who is responsible for developing policy and standards for the development of the Internet?

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THE WORLD'S DAILY NEWSPAPER

TRAVEL UPDATE

Alitalia Strike Off, Others On

ROME (Reuters) — Alitalia flight attendants called off a 24-hour strike in response to a government appeal, but disruption to rail travel and subway systems during the week looked unavoidable.

The Alitalia stoppage had been planned for Tuesday. Rail networks will be hit on Wednesday by a strike by train drivers from 10 A.M. to 5 P.M. and by station masters from 6 A.M. to 9 P.M. Rail officials said that a minimum train service would operate across the country.

Italian journalists, protesting failed contract talks, stayed off the job Monday. Newspapers will not be available Tuesday.

Italian Museums Free for a Week

ROME (AP) — Admission will be free at Italy's state museums, monuments, archaeological sites and other treasures during the traditional Cultural Patrimony Week, which opened Monday.

The museums include such attractions as the Uffizi in Florence. Rome's newly reopened Galleria Borghese and the National Gallery of Modern Art in Venice.

Philippine Airlines is suspending its three-times-a-week flights to Dubai for economic reasons, a spokesman for the airline said Monday.

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FRANCE/FRF	14.50	6.50	55%
GERMANY/DEM	14.50	6.50	55%
ITALY/LIT	14.50	6.50	55%
JAPAN/JPY	14.50	6.50	55%
NETHERLANDS/GLD	14.50	6.50	55%
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THE AMERICAS

In Blow to Starr, Court Will Hear Appeal on Clinton Aide's Notes

The Associated Press

WASHINGTON — In a decision that will further delay the Whitewater investigation, the Supreme Court on Monday agreed to hear arguments that the attorney-client privilege protects notes taken by a lawyer for Vincent Foster, the late White House deputy counsel.

A decision is not expected until next year. The Whitewater independent counsel, Kenneth Starr, wants the notes to help determine whether presidential aides lied about whether Hillary Rodham Clinton had a role in the dismissals of workers in the White House travel office. She has said she had no role.

Mr. Starr had urged the justices to let stand a lower court ruling that said the notes were not necessarily protected by attorney-client privilege. If the highest court had done so, he could have immediately asked a federal judge to decide whether the notes should be surrendered to a grand jury that subpoenaed them in December 1995.

Mr. Foster's lawyer, James Hamilton, took the three pages of notes on July 11, 1993, during a meeting with his client about the investigation of the travel office dismissals.

Nine days later, Mr. Foster was found dead of what the authorities say was a self-inflicted gunshot wound in a park outside Washington.

Whitewater investigators said they were entitled to Mr. Hamilton's notes because they can no longer call Mr. Foster as a witness in their investigation.

A federal judge ruled the notes were protected by attorney-client privilege. But a federal appeals court reversed the decision, saying the notes are not necessarily protected after death.

In criminal cases, such notes can be turned over to prosecutors if they "bear on a significant aspect of the crime at issue" and other reliable evidence is scarce, the appeals court said.

Mr. Hamilton's Supreme Court appeal said the appeals court's ruling "defeats the fundamental purpose" of the attorney-client privilege.

"All citizens — including the elderly and seriously ill — still have a right to talk to an attorney in confidence," Mr. Hamilton said.

People may be hesitant to talk to their lawyers about criminal matters if those statements could be disclosed after their own death, he added.

Mr. Starr urged the justices to reject Mr. Hamilton's appeal, saying, "This court's review would further delay an important grand jury investigation which touches on vital matters of public concern."

Mr. Foster "would have been an important witness" in the travel office investigation, and the notes would disclose information Mr. Foster would have provided if he were alive, Mr. Starr said.

In another decision, the court rejected the appeal of a U.S. soldier facing a bad-conduct discharge for refusing to wear a United Nations shoulder patch and UN blue beret for a peace-keeping mission.

The justices, without comment, turned away the

argument by the soldier, Michael New, that he is entitled to an honorable discharge because the order he disobeyed would have required him to become a "UN soldier" and violate his oath of office.

A military court-martial rejected that argument, and two lower courts ruled they could not hear Mr. New's case because he had not yet finished seeking help from military appeals courts.

Mr. New, a medical specialist now on involuntary leave in the Houston area, joined the army in 1993. While stationed in Germany in 1995, Mr. New was told he was to be deployed to Macedonia as part of a UN peacekeeping force. Mr. New told his superior he would not wear the UN colors unless provided with some constitutional authority requiring him to do so.

"I have never taken an oath to the United Nations, but I have taken the required oath to support and defend the constitution," he wrote in a statement submitted to his superiors.

Abortion Foe Jolts Edgy Republicans

HOUSTON — For Republican

leaders driven to a tizzy by Gary Bauer, the news is not good: He is leaning toward a presidential bid.

The Washington-based conservative activist, making his first appearance at a showcase for White House aspirants, told Texas conservatives over the weekend that congressional Republicans had a "change-of-look" and "act like they lost Congress four years ago" instead of capturing it.

He said opposition to abortion must be the cornerstone of the party platform, and challenged the Republican establishment to "stand against the agenda of the gay rights movement." Then, he all but announced his intention to run for president in 2000.

Mr. Bauer's Family Research Council rivals the Christian Coalition as a voice for grassroots conservative activists. His political action committee raised \$3.1 million so far this year, spending \$600,000 in help of candidates.

Mr. Bauer may have overreached this spring, buying anti-abortion television in a California congressional district. Republican leaders believe that moderate voters, turned off by the ads, turned out for the Democratic candidate who won.

The Republican establishment fears that Mr. Bauer's scorched-earth politics will disrupt the Republican coalition of economic and social conservatives in November elections this year and 2000. (AP)

Press Gingerly Tells New Sex Allegation

WASHINGTON — The legal filing, depending on which account you read in Sunday's papers, described a "sexual incident" (the New York Post); a possible "assault" (The Washington Times); a "hearsay account of an otherwise unsubstantiated encounter" (The New York Times); or "a sensational — but uncorroborated — allegation that Clinton raped a woman" (The Washington Post).

It was also a journalistic conundrum: how to treat the allegation, contained in a larger filing by Paula Jones's lawyers, that President Bill Clinton had committed rape when he was Arkansas attorney general in the late 1970s.

Ordinarily, news outlets would be unlikely to report on such a 20-year-old allegation against a president without a direct account from the supposed victim. But the fact that it was filed in a legal brief in Mrs. Jones's high-profile sexual harassment suit seemingly made it fit to print — or at least difficult to ignore.

Further complicating the matter is that while the woman's attorney complained that she was the subject of "vicious rumors," he would not confirm or deny the allegation, which was based on the statement of an Arkansas man who described himself as the woman's friend. The woman declined to comment to The Associated Press. A White House spokesman called the charge "outrageous and false." (WP)

Quote/Unquote

Michael McCurry, the White House press secretary, who is traveling with President Bill Clinton in Africa, after eating two sun-dried mophane worms, a delicacy in Botswana: "Tastes like a dead worm fried in oil." (WP)

Florida Executes a Woman For First Time Since 1848

Murderer Has No Last Statement in Electric Chair

The Associated Press

STARKE, Fla. — Judy Buenoano, who poisoned her husband, drowned her paralyzed son and tried to blow up her fiancé, was executed Monday in the electric chair.

She was the first woman put to death in Florida since 1848, and only the third woman executed in the United States since 1976. Prosecutors contend that she became a killer because she wanted to collect \$240,000 in insurance money.

Guards helped Ms. Buenoano, 54, walk into the death chamber at 7:02 A.M. She was strapped into the chair and asked if she had a final statement.

"No, sir," she answered weakly, not looking at the witnesses on the other side of a glass partition. Once, she leaned her head back and opened her mouth widely. She grimaced as they tightened the leather straps.

The power was turned on at 7:08 A.M. Smoke curled up from her right leg throughout the 38-second electrocution. She was pronounced dead at 7:13 A.M.

Ms. Buenoano was executed for the arsenic poisoning of her husband in 1971.

The former nail salon owner had also been convicted of drowning Michael Goodyear, her 19-year-old son, by giving him arsenic — which might have caused his paralysis — and pushing him out of a canoe.

He was wearing heavy leg and arm

braces and had no life jacket.

But until she tried to kill her fiancé, John Gentry, in 1983 by bombing his car in Pensacola, Florida, Ms. Buenoano had not been suspected of the two killings. Mr. Gentry said she had given him "vitamins" that made him sick.

Buenoano is Spanish for "good year." Investigators learned that Ms. Buenoano had been married to Sergeant James Goodyear of the air force, ex-husband of her remains and found he had lethal amounts of arsenic in his body when he died in 1971.

Prosecutors in Colorado found evidence that Ms. Buenoano poisoned a boyfriend, Bobby Joe Morris, in Trinidad, Colorado, in 1978, but decided not to charge her.

In her final days, Ms. Buenoano crocheted blankets and baby clothes and said she wanted to be remembered as a good mother. She continued to deny killing her husband and boyfriend and maintained that her son's drowning had been an accident.

"Seeing the face of Jesus, that's what I think about," she recently told a Florida television station. "I'm ready to go home."

The state's last execution of a woman was in 1848, when a slave named Celia was hanged for killing her owner, Jacob Bryan, who also was her father and the father of her children.

It had been 41 years since a woman was executed by electrocution in the United States. Rhonda Belle Martin was put to death on Oct. 11, 1957, in Alabama for poisoning her mother, three daughters and two husbands.

Only two other women had been executed since the U.S. Supreme Court lifted the ban on the death penalty in 1976, and both were by injection.

In 1984, Velma Barfield was executed by North Carolina for poisoning her boyfriend, Texas post Karla Faye Tucker to death on Feb. 3 for a double-pickaxe murder. Ms. Tucker was a telegraphic, avowed Christian who ministered to her fellow inmates, expressed contrition for her crimes and even received support from the Pope.

"Judy was a born-again Christian," said Jeanne Eaton, a cousin of Ms. Buenoano's from Houston. "She may not have been as photogenic, as young, as pretty as Karla, but she was just as good a Christian."

On Sunday, the 11th U.S. Circuit Court of Appeals in Atlanta and the Supreme Court denied her appeals, which claimed she was innocent and called the electric chair "barbaric," something that "belongs in Frankenstein's laboratory."

Another Florida inmate is scheduled to be executed Tuesday, for the fourth electrocution in the state in a nine-day span.



BLOWN AWAY — Residents of St. Peter, Minnesota, examining the damage a tornado did to their house. Tornadoes in the area also killed a 6-year-old boy and injured more than three dozen people.

Away From Politics

• The U.S. Army and National Guard are grounding their fleets of more than 900 UH-1 Huey helicopters until mechanics find the cause of a gearbox failure. (AP)

• A Boeing Delta II rocket carrying five Motorola Iridium satellites was launched from Vandenberg Air Force Base, California, as part of a wireless telecommunications network. (AP)

• Residents of a Denver apartment building watched four men beat a taxi driver and dump him in the trunk of his cab but did not call the police, officials said. The man died. (WP)

• A New York City man was charged with strangling his 8-year-old stepson after a dispute over changing the litter in the cat box. (AP)

Prevalence of False Confessions Shakes Judiciary

By Jan Hoffman
New York Times Service

NEW YORK — The victim was a taxi driver, a 45-year-old father of two. The Nassau County police on Long Island proudly announced the arrest of Robert Moore, who had confessed to being with two acquaintances as they robbed and killed the cabbie. Prosecutors said they might seek the death penalty.

Three weeks later, the prosecutors sheepishly revealed they had caught the real killers, who produced the murder weapon and said they had never heard of a Robert Moore.

His confession, it turned out, had been utterly false.

During a November deposition for his federal civil rights lawsuit over the 1995 episode on Long Island, Mr. Moore said he had falsely confessed only because investigators grilled him for 22 hours, threatened him with the death penalty and even brought in a cousin to urge him to come clean. He had been tired, lonely and scared. "I wanted to go home," he said.

In the U.S. Supreme Court's Miranda decision in 1966, Chief Justice Earl Warren wrote about police interrogation techniques of such compelling power that they could produce untrustworthy confessions. To alert suspects that they had the right to stop the questioning, the

court created the famous warnings.

But after three decades of rulings that have undercut Miranda's reach, and the increasingly savvy tactics of investigators, the warnings have become an easily slipped latch to the interrogation room, with the vast majority of suspects waiving their rights. Once a suspect voluntarily enters that room, courts permit interrogators to use tricks, deception and lies — anything short of threats of violence or promises of leniency — to extract confessions.

Thousands of guilty criminals have been caught in this fashion. But in a number of cases, the incredible occurs: the police extract a confession from an innocent person.

Determining that a confession is false is a risky, arduous and often fruitless quest. But in recent years, more confessions have been successfully contested because of modern forensic tools such as DNA testing, a burgeoning social science of analyzing confessions for their truthfulness, and the increased skepticism of juries about police conduct.

Although the number of false confessions is in dispute, their prevalence is shaking the confidence of both prosecutors and juries in the reliability of confessions, which have long been the crown jewel of criminal prosecutions.

In an attempt to restore the credibility of the confession — and of the police

themselves — at least 2,400 sheriff's and police departments around the country are audiotaping and even videotaping not just confessions, but often interrogations as well, according to a federal Department of Justice study in 1992.

The practice is growing. William Geller, a police consultant who conducted the study, said that law enforcement officials were realizing that "one simple use of technology served the disparate interests of efficiency, effectiveness and legitimacy."

On the East Coast, particularly in the New York region, videotaping of interrogations is rare, because prosecutors fear it will make detectives as well as suspects self-conscious and give defense lawyers more targets to attack.

But others have found it useful. "It will shore up our case at trial: if there is any doubt about an investigator's ethics, we can say, 'Hey, let's look at the videotape,'" said Brett Swab, a former prosecutor in Tulsa, Oklahoma, where interrogations of suspects in violent crimes have been recorded since the mid-1980s.

"It adds to our credibility."

Some recent trials show that juries are less likely to be convinced by cases that rely heavily on confessions. In early 1997 on Long Island, Nassau County jurors acquitted a man who had confessed to two murders, after he testified that the police had physically and psy-

chologically abused him. Detectives denied the allegations.

In September, Suffolk County jurors acquitted Gary Chang of the first-degree murder of two drug dealers even though he had signed a six-page confession; he testified that the police had interrogated him, naked and handcuffed, and squeezed his testicles.

James Caterson Jr., the Suffolk County district attorney, said Mr. Chang had lied on the stand.

Psychologists have found that a few personality types are more likely to make false confessions. Some unstable people are drawn to the lurid glamour of notorious cases: When Charles Lindbergh's son was kidnapped, at least 200 people claimed responsibility.

On rare occasions, a suspect may

incriminate himself to protect the real offender. Other suspects say they committed one crime, hoping to draw the investigators' attention away from another.

CROSSWORD

ACROSS

- 1 Check
- 5 Fill to excess
- 9 Country
- 13 Pretentious
- 14 Deposed leader's fate, maybe
- 16 Chester Arthur's middle name
- 17 Airport info, informally
- 21 On the safe side, at sea
- 22 Math groups
- 23 Here, to Harri
- 24 Calcutta clothing
- 25 King or Vulcan
- 26 Women's group?
- 28 Coach
- 29 Parsegian
- 30 Buster Brown's dog
- 31 Central points
- 32 First governor of Alaska
- 33 Loser to R.M.N. in '88
- 40 Numbers game
- 41 Sharp
- 42 One who's on your side
- 43 Here, to Harri
- 44 London law
- 47 Bother
- 50 In a frenzy
- 52 Take a part
- 53 Lago contents
- 54 Seasonal visitor
- 55 Efficient
- 56 Actress
- 57 Schneider
- 58 Hook
- 59 Not a hit or an out
- 60 "Mm-hmm!"
- 61 Somewhat logical
- 62 Peace Nobel
- 63 Root
- 64 "Oh, sure"
- 65 Yankee Hall-of-Famer Ford
- 66 Must
- 67 International court case, with "The"
- 68 Plenty sore
- 69 Jury
- 70 Athletic
- 71 Return to the Alps?
- 72 French textile city
- 73 Come to
- 74 Square dance move
- 75 Baseball's Roberto
- 76 Frost
- 77 Jason's ship
- 78 Refuse
- 79 "Rule, Britannia" composer
- 80 "G'day" recipient
- 81 Palindromic pop group
- 82 It makes a bit of a stir
- 84 Hard journey
- 85 Mahal
- 87 Stomach

DOWN

- 1 "Streamers" playwright David
- 2 Part of Q.E.D.
- 3 Frank Capra's "Wonderful Life"
- 4 Bill, the Science Guy
- 5 Protect, as freshness
- 6 Bridge toll unit
- 7 Floor unit
- 8 Actor Wallach
- 9 Kind of beer
- 10 1987 Oscar
- 11 Volume A and Z in an encyclopedia
- 12 Layman, s.p.
- 13 Part of a heavy breakfast
- 14 Discussion medium

Solution to Puzzle of March 30

TABOO	TART	POSH
SPEAR	IOEA	RULE
POLKA	TALL	EGGS
GRAYVELL	GLITS	
SCALED	SOOTHE	
PLATES	NEW	
ADULT	EMMA	ADJUST
DRESS	STOOTHENES	
ESTEE	BAAD	BANK
IDS	STENOS	
ARCANE	STEALER	
PERFECT	TENS	
ALAN	OUEL	BAER
CATO	QUAL	BONY
EXES	EMMY	PLEASE

Still a Little Lost? Relief Is On Way

By Matthew L. Wald
New York Times Service

WASHINGTON — The government plans to upgrade the Global Positioning System in the next few years to make handheld navigation instruments up to 10 times more accurate, a White House official said.

The change, approved by a federal committee on Friday, was to be announced by Vice President Al Gore. The upgrade furthers a position staked out two years ago by the Clinton administration to maximize the commercial usefulness of the system, on which the Pentagon has spent \$10 billion.

The change would not affect the performance of the best commercial Global Positioning System receivers, which cost up to \$30,000 and, using satellite signals, can pinpoint a location to within centimeters in longitude, latitude and elevation. They are used by surveyors laying out property lines and by scientists studying small movements of land to predict earthquakes.

But the cheapest devices, the ones sold for \$100 to \$200, could establish a location to within 33 feet (10 meters) or less. Existing inexpensive units generally provide accuracy to within about 115 to 160 feet.

"What this does for the common user, the guy who has the \$199 receiver, is you're going to be able to get back to a fishing hole or whatever, not within 150 feet, but within 20 or 30 feet," the White House official said.

Global Positioning System receivers in cars can signal their position to a central office, so that a driver who is lost can ask for directions without knowing the car's precise location. Existing technology allows a central dispatcher to know that the driver is on, for example, Interstate 95, but with the new system the dispatcher would know whether it was in the northbound or the southbound lanes.

The change will require new satellites and new receivers. But the change of satellites will occur naturally because the 24 satellites that send the signals to the ground to establish a location are replaced every seven and a half years. Existing receivers will perform as they always have, like a black-and-white television receiving color signals. The new satellites will be launched beginning around 2004.

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ASIA/PACIFIC

Democracy on the Line As Ranariddh Returns

By Seth Mydans
New York Times Service

PHNOM PENH — Cambodia's battered democracy began its severest test Monday as Prince Norodom Ranariddh returned from exile to run for reelection as prime minister against the man who ousted him in a coup nine months ago.

The coup leader, Hun Sen, who had shared an antagonistic coalition government with Prince Ranariddh as co-prime minister, bowed to international pressure to let him back as the country prepares for an election in July. But that is only a first step. Many analysts here say that unless political violence and manipulation are brought under control, the election cannot be free and fair.

Since a United Nations-sponsored election in 1993 that was hailed as a triumph of democracy, Cambodia has descended into old patterns of infighting and violence. The tensions exploded in tank battles and artillery last July when Mr. Hun Sen seized full control of the country for himself.

For many analysts, the new election will amount to a verdict on the \$2 billion international effort to plant the seeds of democracy in a country that has been ravaged by wars and mass killings for more than 30 years.

The Communist Khmer Rouge, who caused the deaths of more than a million people when they ruled the country from 1975 to 1979, have been reduced to a small insurgency. Last week, the remnants of their leadership reportedly fractured in an armed mutiny.

But Cambodia still suffers from the

traumas of the Khmer Rouge years, and deep-seated hatreds and habits of violence have eroded the democracy and the civil society put in place by the United Nations.

"I am truly delighted to be back," Prince Ranariddh said in a prepared statement on his arrival. Then, talking to reporters, he added, "You can't help having feelings of apprehension."

The prince, who has been living mostly in Thailand, said he had not yet decided whether to extend his current visit for more than a few days.

Since Mr. Hun Sen's coup, members of his party have systematically intimidated the political opposition, from Parliament members down to village organizers. Dozens of supporters of the prince, as well as members of their families, have been killed.

With Mr. Hun Sen continuing to raise new technical hurdles, there is little guarantee that Prince Ranariddh will be able to take part in the election. Even if he does, none of the country's 50 registered opposition parties has access to broadcast media.

Among other things, Mr. Hun Sen insisted that the prince be tried in absentia and sentenced to prison this month on charges of illegal arms importation and illegal contacts with the Khmer Rouge. He was also fined \$54 million for the destruction caused by the fighting during Mr. Hun Sen's coup.

Under a plan brokered by the Japanese government, the prince was allowed to return and avoid these penalties after receiving a pardon from his father, King Norodom Sihanouk, who remained at his overseas home in China.



Cambodians trying to get a look at Prince Ranariddh as they welcomed him at Phnom Penh airport Monday.

In the months since the coup, Mr. Hun Sen has ignored repeated demands from the UN human rights representative for Cambodia, Thomas Hammarberg, for specific improvements in his behavior. Without these, Mr. Hammarberg said, the UN might not agree to assist, monitor or recognize the election.

Among the demands, Mr. Hun Sen has failed to investigate a grenade attack on an opposition rally on March 30 a year ago that killed 16 people and wounded more than 100. Many people

blame his supporters for the attack. Nevertheless, one Western diplomat said many foreign nations appeared ready to accept even the bare forms of an election in order to declare democracy alive and resume aid to Cambodia that was suspended after the coup.

"The attitude is, you deliver elections: you've got democracy," the diplomat said. "But elections are not equivalent to democracy. It's what happens in the five years between the elections. And if you look at that aspect, there's very little to shout home about."

The surge of optimism that accompanied the UN-sponsored election has slipped away now.

The international community has grown weary of Cambodia's self-destructive impulses. Many foreign governments have lowered their expectations, replacing idealism with pragmatism.

The diplomat said, "The international community has shown over and over again that it is not willing to derail the march towards elections because one bloke got killed down in Prey Veng."

China's Rivals In Hong Kong See Danger in Local Law Bill

Compiled by Our Staff From Dispatches

HONG KONG — Hong Kong democrats charged Monday that mainland Chinese officials would be placed above the law if the legislature approved measures transferring to Beijing the legal exemptions that Britain enjoyed under colonial rule.

The dispute follows a pair of cases that opened a debate in recent weeks about whether people with connections to the mainland have been receiving favored treatment since China reassumed control over Hong Kong on July 1.

In February, the Hong Kong Justice Department declined to prosecute China's state-run press agency, Xinhua, under a data disclosure law. A former lawmaker, Emily Lau, said Xinhua ignored for 10 months her request to see a personal file she says the agency has on her. Under the law, requests must be answered within 40 days. Xinhua responded late with a one-line denial that it had any information.

Hong Kong's leader, Tung Chee-hwa, said Xinhua's breach was only "technical."

Two weeks ago, the Justice Department came under fire for declining to prosecute a prominent newspaper owner on charges of conspiring to defraud advertisers by inflating circulation figures. Three employees of the publisher, Sally Aw Sian, were charged. Miss Aw, publisher of the Hong Kong Standard and the Sunday Standard, is well-connected in Beijing.

The latest dispute is likely to reach a head next week when the legislature votes on a bill that would transfer legal exemptions the British government enjoyed to Beijing. Critics say that the bill goes expressly against the Basic Law, Hong Kong's mini-constitution, which states that Chinese branches in Hong Kong must obey local laws.

Martin Lee, leader of the Democratic Party, said, "This new bill is a major threat to the rule of law — which means by definition that no individual or body is above the law."

Mr. Lee said he had requested that the bill be considered in Washington's annual review of Hong Kong's autonomy, mandated by the Hong Kong-United States Policy Act. The assessment is presented to the U.S. Congress every April and says that Hong Kong can enjoy special relations with the United States only as long as it retains independence. (AP, LAT)

Caged Chinese Knifer Is Let Go

5-Year Incarceration Without Trial Ends for Mentally Ill Man

The Associated Press

BEIJING — A mentally ill man has been freed from a cage where he was held for at least five years by police officials in southern China after stabbing an officer, an official newspaper said. Photographs published by the Yangcheng Evening News on Sunday showed Deng Qiu being led through the bars of the coffin-sized cage before his release, and being led away by white-coated mental health workers.

Mr. Deng, who is in his 40s, was detained 10 years ago after he stabbed and wounded a police officer in Xunwen County, in southern Guangdong Province, the newspaper said. It said

officials did not hand him over for trial because they thought him to be mentally unstable.

Investigators from the nearby city of Zhanjiang visited the village police station Saturday and concluded Mr. Deng suffers from schizophrenia, the newspaper said.

Petition for Release of Activist

Seventeen Chinese dissidents have issued a signed statement protesting a sentence of three years in a labor camp for a Shanghai activist, Yang Qinheng, 44, a Hong Kong-based rights group said. Agence France-Presse reported from Beijing.

Personals

MAY THE SACRED HEART of Jesus be adored, glorified and preserved throughout the world, now and forever. Sacred Heart of Jesus pray for us, Saint Jude, patron of hopeless cases, pray for us. Amen. Say this prayer nine times a day by the ninth day your prayer will be answered. It has never been known to fail. Publication must be promised. AV

Announcements

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China's Rival
In Hong Kong
See Danger in
Local Law Bill

HONG KONG — Hong Kong's pro-Beijing officials would be in a difficult position if the legislature approved a bill transferring to Beijing the power to appoint and dismiss judges, according to a report in the local press.

The bill, which would give the government the right to appoint and dismiss judges, is a key part of the Basic Law, the semi-constitutional document that governs Hong Kong's future.

The bill is part of a package of laws that the government is trying to pass before the end of the year. The package includes a bill to give the government the right to appoint and dismiss judges, a bill to give the government the right to appoint and dismiss members of the judiciary, and a bill to give the government the right to appoint and dismiss members of the executive.

The bill is controversial because it would give the government the right to appoint and dismiss judges, which is a power that has traditionally been reserved for the judiciary.

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Independents
Get Most Seats
In Elections
In Ukraine

KIEV — The political complexion of Ukraine's new Parliament was in doubt Monday after election officials said independent candidates won more than a quarter of the seats.

The head of the Central Election Commission, Mykhailo Ryabets, said candidates with no party affiliation won 114 of the 225 seats decided by direct election. The best party showing was by the Communists, who won 37 of the seats.

The remainder of the seats in the 450-member Parliament will be allotted by proportional representation of the 30 blocs and parties that competed. Those results will not be known until Tuesday, Mr. Ryabets said.

In the direct election portion of the vote, the pro-government People's Democratic Party won 13 seats; the nationalist People's Movement of Ukraine, or Rukh Party, won 8 seats; the pro-government Agrarian Party of Ukraine gained 10 seats, and the Socialist and Peasant Party Bloc won 7 seats.

The Communists are still expected to do well in the party lists. A vote for them is seen by analysts as a show of no-confidence in President Leonid Kuchma's stalemated efforts to move toward a free market. Those efforts have been blocked by the departing Parliament, which is dominated by the Communists, though independent lawmakers are the biggest group.

The Communists have drawn strength from millions of pensioners, unpaid wages and other welfare whose living standards have plummeted since Ukraine gained independence from the Soviet Union in 1991. The government owes the equivalent of \$2.5 billion in back wages, and hundreds of millions more in pensions.

Many analysts predict the new Parliament will not differ significantly from the old, and say centrist parties could cooperate with Mr. Kuchma.

Casting their votes Sunday, Mr. Kuchma and Prime Minister Valeri Pustovoienko pledged to work more productively with the new Parliament and to enact economic reforms.

"I think everybody's attention will be focused on how to emerge from the crisis, and solutions will be found that will be supported by a parliamentary majority," said a political analyst, Mykhailo Pohrebinsky. (Reuters, AP)



Robert Kocharyan, acting president of Armenia, after voting Monday.

Runoff Vote in Armenia
Spattered by IrregularitiesBy Daniel Williams
Washington Post Service

YEREVAN, Armenia — Voters went to the polls Monday in the runoff presidential election, and it was quickly apparent that there were problems in holding a clean vote.

Conditions for in polling places differed widely from precinct to precinct. Some stations were calm, and observers from all sides of the contest reported no problems. Others were chaotic, and there were complaints of attempted ballot-box stuffing, falsifications and intimidation.

Armenians and foreign diplomats regard the vote as a major step toward making regional peace and pulling the country out of deep economic problems. But if the results are judged invalid, the new president will lack the backing to make difficult decisions, observers say.

"A lack of legitimacy will hurt Armenia on all fronts," said Vartan Oskanian, the foreign minister. "Whoever is elected will be hampered."

Two weeks ago, the first round of voting in this election — when 12 candidates vied to get to the runoff Monday — was marred by significant irregularities, according to official observers from the Organization for Security and Cooperation in Europe. The organization, whose 140 observers fanned out across the country, will also offer an opinion on the validity of the final vote.

Voters were choosing between Robert Kocharyan, the acting president, and Karen Demirchyan, a former Communist Party first secretary who governed the country when it was still part of the Soviet Union. Among the tasks for the victor will be settling a conflict with neighboring Azerbaijan over the separatist, ethnic Armenian enclave of Nagorno-Karabakh.

Francis Bayrou, the Union's leader in Parliament, wants to declare the Union dead and start a new party.

The Rally for the Republic, which Mr. Chirac formed in 1976 to preserve the legacy of Charles de Gaulle, is not in much better shape after its loss to Mr. Jospin last year. The conservatives have not recovered from that defeat, though they adopted a new program earlier this year promising to cut the role of the state in the economy, reduce taxes, and stimulate small business if they won power.

Last week, they hailed Britain's Labour prime minister, Tony Blair, who addressed the National Assembly in perfect French about his idea for weaning Britons from welfare dependency. The speech drew only a polite, stiff response from Mr. Jospin's Socialists.

"We have to stop making the National Front the alpha and omega of everything we say and do," said Pierre Lehoucq, a former aide to Mr. Chirac

Vision Problem for the French Right
Mainstream Opposition Is Threatened With Further DisarrayBy Craig R. Whitney
New York Times Service

PARIS — Three years ago, when Jacques Chirac was elected president on a promise to bring "profound change" to a dispirited, unemployment-plagued France, the mainstream parties of his conservative coalition looked likely to govern the country well into the next century.

Mr. Chirac and his prime minister then, Alain Juppé, made a stab at reducing welfare-state pension benefits for workers in the huge state sector of

the economy. That brought on a paralyzing transportation strike that soured the national mood, and when Mr. Chirac called a surprise election last year, voters surprised him by making Lionel Jospin, a Socialist, prime minister.

Now, after some conservative leaders accepted support from the far-right National Front to hang on to power after the left made gains in regional assembly voting March 15, the conservatives are in disarray. Even some of their supporters fear they stand for little in voters' eyes besides political expediency.

"Unfortunately, France is in a political decline," said former President Valéry Giscard d'Estaing. "There's no vision of the future."

The Union of French Democracy, a loose federation of five conservative groups the Mr. Giscard created 20 years ago, could fly apart this week in the furor created by the decision of five of its leading politicians to accept support from the National Front to keep regional assembly presidencies that otherwise would have gone to the Socialist-led left. Francois Bayrou, the Union's leader in Parliament, wants to declare the Union dead and start a new party.

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"We have to stop making the National Front the alpha and omega of everything we say and do," said Pierre Lehoucq, a former aide to Mr. Chirac

and a member of Parliament who is trying to rally the Rally for the Republic to a vision like Mr. Blair's.

"Once triumphant and proud of its destiny, France today is paralyzed, crumbling, simultaneously passive and rebellious in the face of global change," he wrote in a book published this week called "The Immovable Republic."

With unemployment over 12 percent and economic and technological change seemingly as baffling to their political leaders as to themselves, he says, the French are confused, paralyzed, and splintered, in the kind of dangerous mood that can lead to social turmoil.

The National Front has been winning a steadily increasing share of the vote, rising from less than 1 percent after its founding in 1972 to 15 percent for its leader, Jean-Marie Le Pen, in the first round of the 1995 presidential election.

Voters have no doubt where Mr. Le Pen stands. He has called for the return of 3 million immigrants from Africa to their homelands as a measure that would supposedly reduce crime and unemployment simultaneously. He is also against surrendering French sovereignty to the European Union, and rails against "globalism" as a threat to Gallic identity.

The National Front's influence in Parliament has been limited by a system that awards seats to the party or candidate that comes in first. But the regional assemblies use a proportional representation system that awards seats to all

but tiny splinter parties, according to the size of their vote.

So when the conservatives were slightly outpulled by the left in the regional voting March 15, Mr. Le Pen's 15.5 percent of the vote made it possible for mainstream rightist leaders willing to accept his support to stay on as leaders of the regional assemblies, and five Union of French Democracy regional leaders disregarded party instructions and accepted it. Two of the five mavericks have since given in to pressure and resigned their presidencies.

The regional assemblies control spending for public secondary schools, local transportation networks and job-training programs. At the moment, the conservatives control 12 regions and the left controls five, with a possibility of winning power in five others where conservatives have either refused National Front support or resigned after being elected with its help.

But voters are now thoroughly confused by the moderate right's inability to make clear what it stands for, said one of its leaders, Raymond Barre, the mayor of Lyon and a former prime minister, in an interview with Le Figaro on Friday.

"I have always thought that France needed a great party of the center," he said. But he added that such a party would succeed only if it shouldered aside every conservative leader who had exercised a position of responsibility over the past 20 years.

Chirac Pushes Voting Reform

He Begins Meetings With Most of France's Political Parties

Agence France-Press

PARIS — President Jacques Chirac discussed election reform with leaders from most of the political spectrum Monday in an attempt to halt the National Front's drive into the heart of mainstream national politics.

Mr. Chirac plans talks in the next week with all "republican" party leaders — a term excluding the far right — after the country was shaken by election deals between conservatives and the rightist National Front.

The modernization of our political life might not resolve all our problems but it is important and is a step in the right direction," said the National Assembly's speaker, the Socialist Laurent Fabius, after meeting the president.

In the protests that erupted after Jean-Marie Le Pen's anti-foreigner party widened its grip on power through local alliances with conservatives, Mr. Chirac went on television to call for reform and denounce the National Front as "racist

and xenophobic." On his agenda are ways to increase the number of women in politics, heighten direct democracy, with more referendums and reform electoral laws, particularly the proportional system used in local elections, which favors smaller parties.

France's Christian, Muslim and Jewish leaders condemned the National Front's growing influence and more than 100,000 people demonstrated countrywide during the weekend, shouting "F for fascist, N for Nazi," after the French initials of the Front — FN.

The Front used its 15 percent score in regional elections March 15 to help center-right incumbents remain in office in regions where the Socialist-led coalition was poised to win.

In the ensuing chaos, the centrist Union for French Democracy split apart and 5 of the 26 regional votes were annulled. On Monday, a Socialist was elected president of the Haut-Normandie region in a vote that had to be rerun.

BRIEFLY

Assassin Said to Stalk Rival

PARIS — A man suspected of assassinating a French politician is said to be stalking a rival politician, according to a report in the local press.

The man, who is believed to be a member of the far-right National Front, is said to have been seen in the vicinity of the politician's home.

The politician, who is a member of the Socialist Party, is said to have been seen in the vicinity of the man's home.

The man is said to have been seen in the vicinity of the politician's home.

China Launches North Korea

BEIJING — China has launched a new campaign to pressure North Korea to return to the negotiating table, according to a report in the local press.

The campaign is said to involve the use of economic sanctions and diplomatic pressure.

China is said to be working closely with the United States and other members of the United Nations to pressure North Korea.

The campaign is said to be a response to North Korea's recent actions.

Gunmen Kill Pakistani Shi

KARACHI — Gunmen have killed a Pakistani Shi'ite leader, according to a report in the local press.

The leader, who was a prominent figure in the Shi'ite community, was killed in a shooting in the city of Karachi.

The gunmen are said to have been members of a militant group.

The killing is said to be a targeted attack on the leader.

Former Rituals in Yamalo

YAMAL — Former rituals in Yamalo-Nenets Autonomous Okrug are being revived, according to a report in the local press.

The rituals, which were once common in the region, are said to be a way of preserving the region's cultural heritage.

The rituals are said to be a mix of traditional and modern practices.

The revival of the rituals is said to be a response to the region's economic challenges.

Papon Trial Resumes in Bordeaux

BORDEAUX — Maurice Papon, the accused Nazi collaborator, appeared pale and tired as his war crimes trial resumed Monday following a five-day suspension because of the death of his wife.

Mr. Papon, 87, held his head in his right hand as his main lawyer, Jean-Marc Varaut, resumed his summation that was interrupted last week by the death of Mr. Papon's wife, Paulette, of cancer.

Mr. Papon is charged with signing the orders that led to the arrest and deportation of 1,690 Jews from Bordeaux between 1942 and 1944. He is expected to address the court after Mr. Varaut concludes his summation, and then the case will go to the jury.

The six-month trial is in its final week, with a verdict expected sometime Wednesday or early Thursday. (AP)

Kohl's Campaign Chief Assailed

BONN — Chancellor Helmut Kohl's election campaign manager faced harsh criticism Monday from within the conservative Christian Democratic Union for leading an uninspired campaign.

With Mr. Kohl falling further behind the opposition Social Democrats in opinion polls ahead of the September

general election, the general secretary of the Christian Democrats, Peter Hintze, drew fire for focusing on secondary issues.

The premier of Saxony, Kurt Biedenkopf, said Mr. Hintze's strategy of using campaign posters at gasoline stations to criticize the ecologist Greens' call for higher gasoline taxes was misleading, principally because the Christian Democratic Union had long sought an increase in such taxes.

At the same time, Mr. Biedenkopf indirectly questioned Mr. Kohl's candidacy for an unprecedented fifth term, saying 16 years was a long reign. (Reuters)

Cohen to Visit Turkey in April

ANKARA — The U.S. defense secretary, William Cohen, is to visit Turkey next month to discuss defense ties between the two NATO allies, the Anatolian News Agency said Monday.

On April 17, Mr. Cohen is scheduled to visit an air base in southern Turkey used by U.S. forces, and on the next day he is to go to Ankara for talks with Turkish authorities, the agency said. U.S. officials in Ankara were not available for comment.

The U.S. Air Force has used the Incirlik base to patrol the skies of northern Iraq to protect Kurds from a serial attack by Baghdad since the 1991 Gulf War. (Reuters)

Blair Steps Up to Slay Millennium Bug

By Warren Hoge
New York Times Service

LONDON — Prime Minister Tony Blair announced an accelerated program Monday to forestall the catastrophic essential-service lapses, business losses and communications blackouts that he said could be caused by the Millennium Bug — the potential computer crisis caused by the date change in the year 2000.

Saying he was concerned that small and medium-size businesses were lagging in awareness of the gravity of the "technical time bomb," Mr. Blair told a London conference on the subject that the government would spend \$97 million (\$160 million) on new centers for information technology assistance and increased funding for the Government's Action 2000 campaign and the training of 20,000 "bug busters" to help firms identify and correct the problem.

The government also will offer grants to train young people, the older unemployed or retired people to help companies and in the process help them launch their own careers in information technology, he said.

And in keeping with his projection of the country as modern and competitive in a high-speed, high-tech age,

Mr. Blair said Britain would assist a move to educate countries abroad that have not taken into account the seriousness of the consequences of inaction.

"We need to act internationally," Mr. Blair said, "because in a global economy other countries' problems are our own."

He said Britain was contributing £10 million to a proposed World Bank fund aimed at generating action in developing countries, and he added that, as current president of the European Union, Britain would press the case at upcoming meetings of the community.

The Millennium Bug could affect millions of computers and other electronic devices that will not read 2000 as a valid date. Thinking it is

1900, the devices may corrupt data, crash programs or fail to operate at all.

Huge amounts of records and statistics, including those of stock and pension accounts, could be lost or altered as computers came to a halt. Any industry with time-sensitive data — from nuclear reactors and hospitals to financial institutions and retail businesses — could be harmed.

"Without careful preparation, there could be major disruption to essential services such as benefit payments, or even to emergency services such as hospitals, the fire and the police," Mr. Blair said.

"If we don't tackle this problem, the economy will slow as many companies divert resources to cope with computer failures and some even

go bust." Mr. Blair said that Britain, the most wired country in Europe, was "leading the way in tackling the Bug."

Peter de Jager, a longtime campaigner on the issue, said he thought the prime minister was showing "world leadership" in this area. He added that he wished other world leaders would follow Mr. Blair's example.

But several critics said Monday's actions were already too late.

Richard Coppel, chief executive of Prove It 2000, a consulting group, said losing "dedicated amateurs" on the problem risked complicating it further. He said the government was "well-intentioned" but lacked "any understanding of how the program might be practically applied."

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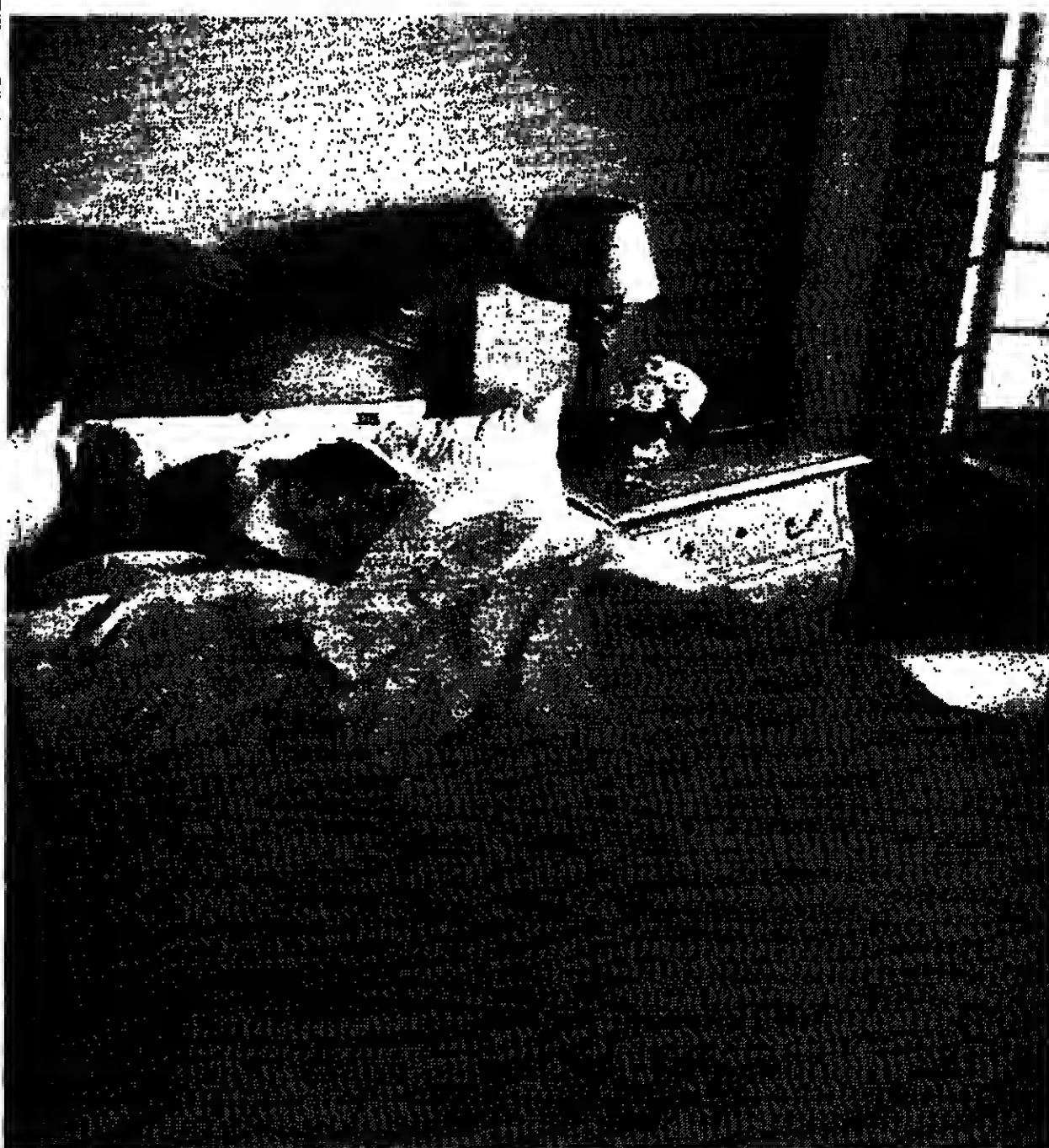
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Herald INTERNATIONAL Tribune

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Inspections in Iraq

New arrangements for inspecting Iraq's presidential sites are working relatively well. There have been only minor disputes over ground rules between UN inspectors and Iraqi officials. But these preliminary visits, which Iraq has had plenty of time to prepare for, are not the real test of the agreement negotiated last month by Secretary-General Kofi Annan. That will come when investigators return later for surprise follow-up inspections, looking for evidence of prohibited weapons or sensitive documents describing germ and chemical warfare programs.

For now, a 70-member team of weapons experts will inventory the many buildings within the presidential sites. No inspections have previously been permitted at these locations. The investigators are recording the dimensions and layout of rooms and identifying areas where weapons or documents could potentially be hidden. Following the terms of the Annan agreement, the weapons inspectors are accompanied by a team of 20 international diplomats whose role is to observe the inspection work.

One reason for Iraq's cooperative approach may be that Baghdad had weeks to remove suspect items from the sites. UN experts theorize that the presidential areas may have been used as temporary hiding places for items that the weapons investigators were close to finding elsewhere. If that pattern is repeated, future inspections of these sites could bring new confrontations. Still, Iraq's cooperation is welcome. Only a few weeks ago, skeptics doubted that even these inspections would go forward.

But, given the United Nations' tormented history with Iraq, no one can say how long the openness is likely to last. More than a few weeks of good behavior will be needed before inspectors can confidently certify that they have discovered and destroyed all illegal weapons and components and established a reliable monitoring system. Only when that point is reached can the United Nations seriously consider an end to sanctions.

Meanwhile, Washington cannot afford to relax its vigilance.

—THE NEW YORK TIMES.

Let the Haitians Stay

The United States has long given sanctuary to people fleeing war, revolution or persecution in their own countries. But there has been an asterisk on the U.S. performance. In the last half-century, most of those benefiting have come from Communist-ruled countries. American law and policy have failed to offer similar comfort to people who may be no less vulnerable to repression but who happen not to live under communism. This is how some 30,000 or 40,000 Haitians come to be in an unhappy American limbo now.

Close to a million Cubans and hundreds of thousands of Central Americans have exchanged violence and political strife in the Caribbean and Central America for a new life in the United States. Among those unsettled, only arrivals from Nicaragua and Cuba now enjoy permanent residence — the one formerly and the other still Marxist-ruled. Salvadorans and Guatemalans, from countries once caught in revolutionary turmoil, at least can appeal deportations. But Haitians are without access to classification as either immigrants or refugees. Their opportunity to seek such status was

actually reduced by Congress in 1996. A recent presidential directive spares them deportation for only a year.

Criminals and special cases aside, there is powerful reason to offer legal permanent residence to all of these displaced people who were legally admitted or who applied for asylum by 1995 — no one is talking open borders. The Haitians among them fled hardship and terror, conditions that persist. Some 11,000 of them were admitted through the American base in Guantanamo in a screening that sent twice as many back to Haiti for failing to prove that they had a credible fear of persecution there. The Central Americans avoided the rigors of individual screening; they were treated as a class.

A study by the Alexis de Tocqueville Institution notes that the Haitians have been well received in Florida, have put down roots, and send home valuable remittances. Much the same could be said of the Central Americans. Far from being deported or kept in painful suspense, they should be welcomed for the contribution they are already making to their new country.

—THE WASHINGTON POST.

A Better Death

Since 1990, Dr. Jack Kevorkian has been helping people to kill themselves in motel rooms, the backs of cars and other hidden spots in Michigan. One hundred of them, hooked up to his homemade machinery, are dead today, successful in suicide because of him. Whether they would do it again is something we cannot know. They wanted to do it. They had their reasons, and they had only to persuade themselves and Dr. Kevorkian. There was no system to ensure that decisions to speed death were made with care, and with adequate safeguards for the patients.

But Dr. Kevorkian's widening notoriety had one salutary effect. It underscored the desperate need of terminal patients and their loved ones to find a better way of ending life. This is an issue on which the American public is ahead of the politicians. Too many people have watched as mother or father, who coped with the Depression and World War II, became trapped at the end of life by a medical system that would not let them die.

The idea of helping people expire has become less unthinkable than watching them die too slowly by being forced to live too long. In Oregon, a liberal state on social issues, the voters first declared their support for the concept of assisted suicide by referendum in 1994. Then, after a court fight of three years, they approved doctor-assisted suicide by an even larger margin last fall. Oregon has thus become the testing ground for a new kind of aid, one that several polls taken in the last two years have shown the American public supports. That support is conditioned on the assumptions of terminal illness and pain. The hard part starts now.

Public policies need rules and bureaucrats to administer them. In Oregon, the Death With Dignity Act allows an ill adult to request a prescription of lethal drugs if he or she is

of sound mind and judged by two doctors to have less than six months to live. A doctor may write the prescription, but not administer the drugs. Last month, to detail that policy, the state issued a rule book of 91 pages, and decided that state Medicaid money could be used to pay for death for patients who are poor.

Critics began complaining about "state-subsidized suicide." Some pharmacists said they did not want to fill lethal prescriptions. Republican leaders in the legislature began talking about revising the law. But the voters have decided, and the rules have been issued. Last week, a woman in her mid-80s, with terminal breast cancer, became the first person in Oregon to be helped to her death. She died in bed, with her family around her, half an hour after taking pills and drinking brandy. As an alternative, it seems preferable to life extended by blind medicine, or death by Dr. Kevorkian.

—THE NEW YORK TIMES.

Other Comment

Making an Impression

There was that very telling picture of an American security person passing a metal detector over a Ugandan policeman before he could be allowed to go into the enclosed area in which President Bill Clinton was to address a carefully chosen and checked audience.

Now this is not the way we do things in this part of the world. When President Nelson Mandela goes to Uganda, he addresses the people at an open-air venue and people don't have to be invited to attend. They just go to listen.

When regional leaders converged on Entebbe's Botanical Gardens for the summit, the security details of the heads of state were rendered redundant as the American security people took over.

—Sunday Nation (Nairobi).

Toward Normal Links Between Iran and America

By Stanley A. Weiss

TEHRAN — What do the president and foreign minister of Iran have in common with the president and secretary of state of the United States? They all want a dialogue.

Mohammed Khatami wants to establish a "thoughtful" dialogue; Kamal Kharazi, one that is "constructive." Bill Clinton wants it to be "honest." Madeleine Albright, to be "direct." And the European Union has now agreed to a dialogue that is "open" rather than "critical."

But A.N.S. Khamooshi, head of Iran's state-supported Chamber of Commerce, told me when I began my visit: "Forget dialogue. Let's do business." To an American businessman, that sounded very promising.

The problem has been that when I try to discuss specifics, I hear the same mantra from almost every Iranian I meet — top government officials, opposition leaders, professionals, economists, journalists, conservatives and moderates, including those who spent time in the shah's and the ayatollah's prisons.

It goes like this: Just as President Khatami expressed regret over the seizure of American hostages in 1979, President Clinton must apologize for the part the United States played in overthrowing the Mossadegh regime in 1953 and bringing back the shah.

Surprising as it may seem in a country where half the male population is too young to shave, the coup that took place almost half a century ago is a fresh memory, and a national obsession.

Iranians feel like a woman deceived. The United States had been a hero since the beginning of the century for its anti-colonialist stance, and a savior immediately after World War II for helping get the Russians out of Iran. But in 1951 Mohammed Mossadegh, an anti-Communist nationalist, became prime minister and nationalized the Anglo-Iranian Oil Company.

At the urging of political mullahs and British intelligence, the CIA served as paymaster to help overthrow Mossadegh and reinstall the shah. The line from that event in 1953 to the taking of the U.S. hostages in 1979 runs straight and true in the minds of practically every Iranian I speak to.

Americans seem largely stuck in time. The fact is that the Islamic "revolution for export" died on June 3, 1989, and is buried along with Ayatollah Ruhollah Khomeini. Today Iran

has a president who speaks openly for the rule of law, a civil society based on the constitution, and individual rights for all Iranians.

He was elected by 70 percent of the electorate, 90 percent of whom voted last May. He is assisted by Ayatollah Sayed Ali Khamenei, Iran's supreme leader. But their "good mullah, bad mullah" partnership seems to be working. It is time that the United States began to readjust its policies based on this new reality.

Unfortunately, the Iranian economy is "stuck," as President Khatami said recently. The state controls 85 percent of an economic system that is mismanaged, bloated, over-regulated and corrupt. The budget policies of the Parliament are subject to the final say-so of a mullah-dominated Council of Guardians.

It is as if the U.S. Supreme Court, made up of members of the Moral Majority, had to approve congressional decisions. One doesn't have to be an ayatollah to know that this doesn't have a prayer of working.

Worse, 80 percent of the government's hard currency earnings and 70 percent of its revenues come from oil exports, and world oil prices have dropped to the lowest levels in a decade. The rial has gone from 70 to the dollar at the time of the 1978 revolution to a market rate today of more than 5,000.

Half the population lives below the poverty line. At least half of young Iranians are unemployed or underemployed. Annual inflation is 50 percent, more than twice the official rate.

And then there are the semi-governmental "foundations." These financial organizations, purportedly charitable and run mostly by merchant-traders, operate at least 750 companies and command assets second only to those of the state. Much of their profits go to high-ranking government officials and clerics.

Yet of the 120,000 mullahs, 95 percent confine themselves to religious, not political, pursuits. You can tell who they are; they ride on buses, not in chauffeur-driven limousines.

In 10 days in Tehran, Isfahan and Shiraz, I have not seen a mugger or a beggar, or anyone looking remotely like the homeless people I see when I walk down Connecticut Avenue in Wash-

ington. The wide streets are clean and free of potholes. Iranian family values would make the most devout Christian or Jewish fundamentalist proud.

The literacy rate among Iranians under 30 is an astounding 93 percent. Unlike Islamic countries like Saudi Arabia, where women cannot drive or vote, Iran does not write off half of its population. Iranian women are doctors, lawyers, teachers, psychologists — and vice President. Daughters of Ayatollah Khamenei and former President Hashemi Rafsanjani are feminists.

Iran is of enormous strategic importance to the United States. Sixty-four percent of the world's known oil reserves lie below and around the Gulf. This most populous nation in the Middle East has the second largest natural gas reserves in the world.

And there is the Caspian Sea, with potential oil and gas reserves worth as much as \$4 trillion. The shortest and cheapest pipeline route to the Gulf and to Western markets runs through Iran.

Containment is no longer U.S. policy toward China, whose record on human rights and the proliferation of weapons of mass destruction has been criminal. So why does the United States continue to try to "contain" Iran?

Whatever the rationale for a hard-line policy during the 1980s, today it only isolates the United States and Israel. America should lift its trade embargo

and repeal its secondary sanctions on non-U.S. companies that invest in Iran. This would be a blow to the reactionary forces which at present control almost all of Iran's domestic income.

They would like nothing better than for the United States to continue its current policies, because if President Khatami does not succeed in attracting foreign investment and delivering a better standard of living for most Iranians in the next two years, the moderates will be out.

Normalizing U.S.-Iranian relations would bring cheers from Iranians as loud as those that recently greeted the U.S. wedding team — and a mad scramble from the German, Italian, Norwegian and Japanese business executives operating here. The ones I meet love the U.S. sanctions. They are working frantically to get their contracts finalized because. The day Washington gives the green light for U.S. business to invest and trade, they way, "we might as well pack up and go home."

It is time for Bill Clinton and congressional leaders to have a serious dialogue about renewing the close and historic links between two great nations.

The writer is chairman and founder of Business Executives for National Security, an organization of U.S. business leaders. He contributed this comment to the International Herald Tribune.

We Need More Than Khatami's Welcome Words

FOLLOWING pressure from the European Union, Iran signed the Chemical Weapons Convention. This is a positive step, which we welcome. Now it will have to live up to its commitments, including to allow intrusive inspections.

Iran is an example of the sort of challenge we are facing. We have all been encouraged by the positive political developments there. The remarkable election of President Khatami has led to a new freedom of speech for the Iranian people and a different sort of rhetoric from the Iranian regime.

Mr. Khatami's address to the American people on CNN would have been unthinkable a year ago, and Iran's condemnation of terrorist atrocities in Libya and Egypt scarcely less so. It is right that we should respond to these developments, and encourage them.

But despite the more moderate

noises coming from Tehran, these first shoots of glasnost need to be treated with care. There is more than one center of power in Iran. We cannot afford to let our guard down until Mr. Khatami's words are matched by the acts of the Iranian authorities as a whole.

That means a total end to Iranian use of assassination as a political weapon, and to clandestine Iranian support for terrorist organizations. It means Iran giving up its ambitions to develop weapons of mass destruction outside international controls. It means Iran removing its threat to the life of the British author Salman Rushdie.

And more than anything else, it means Europe and the United States working together to stop Iran from getting away with these unacceptable aims.

—Robin Cook, the British foreign secretary, commenting in The Washington Post.

Typically New British, Blair Loves and Fears Europe

By Michael Elliott

NEW YORK — Tony Blair's Paris speech last week was a milestone. Not only was it the single best elucidation, ever, of what he stands for. It was in fluent French, delivered with just the hint of a Provencal accent.

There is a decent text that separates English-speakers who are really at home in French from those who are just bluffing: whether or not you can use abstract nouns (abhorrent in English) without giggling. Mr. Blair tossed them about like a salad.

Vision, exclusion, cohesion, they were all there — even (this is a real shocker) *la construction européenne*, a phrase much loved in Francophone Europe but which in English is just about meaningless.

In Paris, Mr. Blair, who has gone through a lackluster patch, was thoughtful and sensible.

His credo for the future development of the European Union — integrate where it makes sense to do so, otherwise celebrate diversity — is a sound basis for policy.

He tempered his pragmatism — which the British think a virtue, and everyone else the vice of dithering — with the claim that he shared "the European idealism." And indeed, in a British way, he does; he once worked in a Paris bar, and he vacations in France and Italy.

His political appeal — in this and other matters — is that he is genuinely typical of modern Britain. As a person, he is wholly at ease in Europe, likes the people there, raves about the food, enjoys the rays of the warm south; but as a political animal, he harbors lingering

doubts that across the Channel, they're a shifty lot who don't play by quite the same rules. His love for Europe is not without reservation.

I borrow this love stuff from the Italian columnist and author Beppe Severgnini, with whom I spent an enjoyable couple of days in Milan last week.

The Italians really know how to love Europe. Italy approaches Europe, says Mr. Severgnini, like a pretty young girl about to be married. She is besotted; life with her bean is going to be wonderful, their house will be beautiful, they will be rich and happy forever.

Britain, by contrast, is the sensible girl who wants to look before she leaps. Is the new apartment soundly built? How big is the mortgage? Is hus-

band-to-be being honest about his assets? Will he raid her dowry as soon as she's wearing his ring? The risk — but this you had already guessed — is that handsome Europa gets fed up with Britannia's caution, and she dies an old maid.

It is not hard to fathom why these differences should run so deep. If you had been as misgoverned by your capital as Italy has been by Rome, you would want to try something else, too — even Brussels.

For Italy, and even more for Spain, Portugal and Greece, signing on to every manifestation of the European construction is a symbol of modernity and political sophistication.

In its recent past, whether because of the memory of war, fascism, domination by a powerful neighbor or plain bad government, every country of the EU can find a decent reason for pursuing further political integration. Except Britain. (O.K., Sweden, too — a subject for another time.) The modern British state has never had a crisis of legitimacy, although it came pretty close in 1974.

That being the case, Britons will always be able to find a degree of illegitimacy in the changes by which they should cede powers to bodies outside of their shores.

At the end, that is the problem that dogs British participation in European monetary union — not all that technical stuff about economic cycles being out of sync. For Britain, monetary union is a dangerous leap in the dark, an experiment that could go badly wrong.

For the rest of Europe, it is just a part of the marriage contract — actually, the most im-

portant part, like agreeing to share the same bed. (The comical metaphors stop here.)

If you don't sign up for monetary union, you're not a real player, as French Industry Minister Dominique Strauss-Kahn, an engaging troublemaker, likes to remind his British friends. (In perfect English, not that anyone makes a point of it — which is the point.)

In London, ministers and civil servants are acutely aware of this. As one senior official told me last week, the task facing Britain between now and 2002, when it might — might — join monetary union, is to limit the leakage of British influence on Europe. But that there will be some leakage, nobody in London denies.

It would be nice to think that all this high politics is not what Europe is really about. Instead it is more pleasant to conjure up the Europe that many already enjoy. For people younger than 30, says Carlo Bonini of the Corriere della Sera, London, Rome and Paris are like "boxes in a common space."

Soft Europe, people's Europe — Tony Blair's Europe — is a place bound together by the Eurailpass and student exchanges, by holiday homes in Tuscany and boozing with the Germans in Majorca, by counting the days to the World Cup.

But hard Europe, text-and-treaties Europe, everywhere-but-Britain Europe, is a place where membership of a club founded on idealism imposes political obligations.

No amount of abstract nouns gets you round that uncomfortable truth, whether or not you speak them in perfect French.

Newsweek.

Bashing Japan Isn't the Way

By Tom Plate

LOS ANGELES — Some Japanese are getting irritated with all the criticism that they are not doing enough about the Asian financial crisis. Recently an official in the Hashimoto government whom I greatly respect wrote me to complain about a column of mine that called on Tokyo to do more.

We are already doing a lot, he said, and Americans should respect the efforts of Prime Minister Ryutaro Hashimoto, who has visited Indonesia and sought to persuade President Suharto, in the polite Asian way, to clean up his act.

Said this Foreign Ministry official, speaking for himself but expressing a widely held view in the government: "There seems to be a stereotyped myth that only the U.S. alone has the will and the sense of mission capable of squarely confronting any kind of international crisis."

"I don't dispute the integrity and leadership of the U.S., which is so vital, and without which any viable solution is simply a castle in the air."

"But it is a fact that the U.S. government and the media tend to underestimate the efforts of its ally Japan as part of a coordinated effort to convince Suharto to honor his word. This sort of thoughtfulness is not just the Asian way, but is a universally viable technique if we [U.S., Japan, IMF] hope to succeed."

Not everyone in America takes an unappreciative view of Japan. One premier U.S. economist, Stanford's Lawrence J. Lau, believes that many criticisms are misconceived and

divert attention from Japan's underlying strengths, such as that giant economy's special status as the world's largest net creditor nation.

Speaking at a seminar at the UCLA Center for International Relations/Center for Pacific Rim Studies, Mr. Lau allowed that Japan's secretive banking ways were far from ideal. But he added, "this is not something that causes recessions — on a net basis, Japan is way ahead in the positive column." When a country does not need to borrow much abroad (as did South Korea, Indonesia and Thailand), "the lack of transparency does not matter too much."

Mr. Lau believes that even if Japan falls into serious recession ("but it will probably muddle through O.K."), America will not seriously suffer — except, of course, on the West Coast.

He speaks with special authority. He was one of the economists to have anticipated Asia's problems, in his 1995 paper, "Is There a Next Mexico in East Asia?"

But if he is wrong this time — as the trade deficit continues to soar, Japan spurs even more and the U.S. economy does brake — Americans will probably look for someone to blame. And they may very well indict Japan for the offense of not restimulating its own economy to avoid recession and to help pull up other Asian nations by importing more of their goods.

They may forget that the list

of culprits is quite long, including Thailand, where this mess all started, and in fact the United States, which should have responded more quickly to Bangkok's pleas last summer to cool off the currency speculation that then spread elsewhere in Asia. But America has never been adverse to Japan-bashing.

If the finger-pointing does bubble back up, more than trans-Pacific feelings may be hurt; also damaged, perhaps this time severely, will be the U.S.-Japanese relationship, the linchpin of security in Asia.

This is why serious people on both sides of the Pacific need to promote a thoughtful U.S.-Japanese dialogue. "It really would be useful to have this dialogue broadened," says Paul Becker, president of the Institute of the Americas, which is monitoring the effect of the Asian crisis on Latin America.

"The great intellectuals from both countries need to get involved, to see how Japan can produce more growth and show more leadership."

He agrees that Japan has not been doing enough. "But saying this critically of Tokyo doesn't make us bashers. That's just the way it is."

We in America have to develop the capacity to speak to the Japanese as peers, which of course they are, not as students who deserve a good long lecture. There is a nice but effective way to say almost everything, and Americans need to learn that lesson if they want Japan to listen. Which it really must.

Los Angeles Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Queen's Efforts

VIENNA — So far only Austria and France are participating in the mediation of the Powers between the United States and Spain. An exchange of despatches is proceeding between the Queen-Regent of Spain and the Vienna Cabinet, and it is stated that the Queen is striving at any price to preserve the peace, as any unfortunate issue to a war would seriously endanger her dynasty. On the other hand again it appears questionable whether the Queen-Regent would be able, in the event of affairs coming to an extremity, to oppose public opinion without menacing her own position.

1923: Yugoslav Parties

BELGRADE — The opening of Parliament is fixed for April 16, when the position of parties is expected to assume a novel and critical form. The Peasant Party

of Croatia has joined the Slovene Clerical and the Bosnian Muslim parties in forming a "revisionist" bloc, which includes 116 Deputies. The latter will endeavor to revise the Constitution in the sense of complete autonomy of the different provinces. The Government counts on the support of 197 Deputies hostile to such revision.

1948: Slayings in Italy

ROME — The heads of Italy's police and armed forces were summoned to a conference on public order when news reached Rome of at least seven apparently political slayings in the past twenty-four hours. The disorders were probably the worst since this country began its critical national election campaign. Throughout Italy Communists have charged as an important part of their campaign that the poor are made to pay too many taxes.

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OPINION/LETTERS

City-County 'Metroplexes' Fuel America's Growth

By David S. Broder

WASHINGTON — It is not a total surprise to learn that California were a nation, it would boast the seventh-largest economy in the world, larger than China's and just a bit behind Italy's.

It is a bit more shocking to discover that the Sacramento metropolitan area by itself outranks the economies of 14 states and ranks right up there with Ukraine, Iran and the Czech Republic.

I learned this at a Washington briefing designed to focus the attention of press and politicians on the critical role of cities and their surrounding counties as the great engines of the new U.S. economy.

The study prepared by the consulting firm DRI/McGraw-Hill offers an unconventional perspective on the world. We are accustomed to maps with national and state boundaries, but in the real world of work and jobs, income and wealth, it is the metro areas — center cities with at least 50,000 people and counties that are part of the same economic

nexus — that drive the train. The Census Bureau and the Office of Management and Budget list 314 such areas. They occupy only one-sixth of the United States but contain 80 percent of the population, and provide 84 percent of the jobs and 83 percent of the gross domestic product.

Eight out of 10 new jobs created from 1992 to 1997 are located in those areas, and the average wage and benefit package for the metro area worker is almost 50 percent higher than for the small-town or rural counterpart.

Sacramento is actually pretty far down the list of metro areas, ranking 36th in the nation and eighth in California in its output of goods and services. Los Angeles-Long Beach, the state's No. 1 "metroplex," is bigger than Taiwan, Switzerland, Belgium or Sweden.

These comparisons serve to buttress the demands of mayors and county officials, for whom the report was prepared, for an increased voice in the policy decisions that affect the future of the whole country. It is a demand neither group has been able to assert effectively when acting in isolation.

Now they are coming together in an alliance that could actually

change the dynamics of federal and state decision-making.

"These figures shocked some of us," said Kenneth Barr, mayor of Fort Worth, Texas. "We have such a hard fight in Congress and the statehouse for our share of the dollars."

Because that fight has been so difficult, in 1997 the U.S. Conference of Mayors and the caucus of large urban counties within the National Association of County Officials formed the Joint Center on Sustainable Communities. The two groups have begun to lobby together on easing federal mandates, improving the allocation of transportation funds, cleaning up polluted work sites and making the transition from welfare to work.

Cooperation in Washington is still tentative and episodic, and at the state and local levels, political rivalry between center cities and their suburbs can be pretty fierce.

Myron Orfield, a political scientist in Minnesota, has written a book, "Metro Politics," arguing that new coalitions are forming between cities and inner-ring suburbs because they share the same problems: congested traffic, aging infrastructure and troubled schools.

Neal R. Peirce, who follows urban affairs more closely than any other journalist and who spotted this trend long ago, also has warned that with growth exploding on the fringes of many metropolitan areas, the challenge of finding regional solutions gets tougher all the time.

Bruce Katz, a former Housing and Urban Development Department official who now works at the Brookings Institution, agrees.

"Collaboration will take you only so far," he said. "At some point, for metropolitanism to mean something it has to bring changes in federal and state law. What is promising is that these movements are creating a coalition clamoring for change."

Representative Earl Blumenauer of Oregon, founder of a year-old House caucus to promote livable communities and sustainable growth, says he sees things "moving in the right direction."

"It is," he says, "one of the few unifying things emerging in our politics."

The Washington Post.



'And a late announcement — most original Paula Jones story by latest set of lawyers'

Out of Touch, Clichéd and Pretentious, Academe Turns Off Students in Drones

By John M. Ellis

SANTA CRUZ, California — Not one of the many bookstores in this bookish town still has a shelf for literary criticism. Yet more of it is being published than ever before, by university presses that say such works often sell no more than 500 copies each.

This discrepancy points up the enormous gulf that has opened between the American reading public and academic scholars in the last 20 years.

The public, which counts on professors to give its children a liberal education, is losing confidence in teachers. So are students, who have been voting with their feet. The proportion of undergraduate majors in fields like English, history and foreign languages and literatures is about half what it was in the early 1970s.

In the 1960s, when a distinguished critic gave a public lecture at the University of California's Berkeley campus, for example, much of his audience would come from the surrounding community. But it has been a long time since academic literary criticism was a vital part of the broader world.

This is the result of the intense academic concern with race, gender and social class, together with the rigid dogmas that go under the name of postmodernism.

On campus, the new regime has a powerful mystique because it promotes allegedly cutting-edge modern theory, historically and politically attuned. Those who do not speak the latest arcane language are dismissed as unsophisticated, out of date and morally insensitive.

And so the question arises: If these professors are so confident about their ideas, why don't they try harder to explain themselves to the reading public?

The answer may lie in the fact that they are not really confident at all, and with good reason. Their vaunted ideas are in fact a self-contradictory muddle.

The confusion begins with a drastic misconception about the Western tradition. Members of the new academic elite denounce the tradition's ostensible sexism and racism, and they champion other cultures as a corrective. But they have it backward. Far from being ultramodern and non-Western, these criticisms are actually examples of a very familiar form of Western extremism.

Consider the popular "new" idea that high culture is an instrument by which the ruling class retains control over society.

That idea originated with Rousseau, and the contribution of high-culture thinkers to the French Revolution proved just how wrongheaded it was.

Today's cultural relativism (according to which cultures can be judged only by their own standards) was thought up by the 18th-century German philosopher Herder, and even the inconsistency of today's academics in attacking the elitism of their own high culture is unoriginal — that, too, was Herder's stance. So much for historical awareness.

Time and again, the daring claims of theoretical sophistication have turned out to be intellectual clichés.

Scholars are especially satisfied at having "problemized" (they just mean "questioned") the idea of truth. Don't they know that the long history of Western philosophy is filled with such questioning? Unlike their predecessors, their

doubts about truth are both shallow and inconsistent. Their interest in skepticism extends no further than deriding views they do not share, yet they are passionately devoted to their own truths.

At every level, the new orthodoxy is characterized by self-deception. It is aggressively egalitarian in theory but exists largely in the ivory tower. It claims political awareness but completely lacks political realism. It claims to have escaped from a "discourse" that traps the rest of us in traditional thought, yet nothing is more rigid and limiting than its own self-invented discourse.

It claims to value diversity, yet its obsession with the idea of oppression prevents any appreciation of the enormous diversity of ideas in the Western tradition.

It promises to advance the interests of minority groups and women yet hinders them by diverting them from a grounding in the great thought and literature of the civilization in which they live.

Most baffling of all is the belief that it is sophisticated thinking, not crude reductionism, to identify power as the deepest motivation.

Meanwhile, public support for the humanities continues to erode. Many in academia complain about the growth in public sentiment for narrowly vocational education, but the complainers refuse to accept their own responsibility for this turn of events.

It is they who have led the way in denigrating Western humanism and high culture, and who have driven students away from the liberal arts.

The current orthodoxy is a disgrace that universities can no longer afford to protect. Changing it will require pressure from the entire community that cares about education — faculty members, alumni, students, regents, tuition-paying parents and taxpayers.

But let us also hope that help will come, too, from the many humanists professors who have understood that what has been going on is foolish but who have lacked the courage, so far, to speak up.

The writer is the author of "Literature Lost: Social Agendas and the Corruption of the Humanities." He contributed this column to The New York Times.

LETTERS TO THE EDITOR

Arkansas Killings

There are many who share responsibility with the 11- and 13-year-old perpetrators of the assault on children and their teachers at a school in Jonesboro, Arkansas.

Not least of them are the family members who kept weapons at home. Then there is the National Rifle Association, which in its blind greed insists on Americans' "right to bear arms."

What about obeying an older law: "Thou shalt not kill?"

LARRY BELMONT, Monaco.

The guns that killed the children and their teacher in Arkansas were owned by the grandfather of one of the boys.

Anyone who owns a weapon should be held responsible for any act committed with it. This is not a

cry for more punishment, but a demand for responsibility, both from individuals and — forlorn hope — politicians.

JOE WILLIAMS, Düsseldorf.

One might debate forever whether the two children arrested in the Arkansas shootings should be tried as minors or as adults. But it is really the state of Arkansas that should be on trial. The state's firearms laws, along with parental carelessness, groom children to be potential killers.

JOAQUIN GODOY, Bath, England.

The common sense of Gloria Steinem and Anita Hill — who said that President Bill Clinton's alleged contacts with Kathleen Willey were objectionable but did not constitute harassment ("Lewinsky's Father Rips Into Story," March 24) — was a welcome change from the usual commentary. Bravo!

NANCY LLOYD, Hong Kong.

Women and Clinton

Regarding "Clinton, Sex and Common Sense" (Opinion, March 24) by Gloria Steinem: Shame on Gloria Steinem. As unliberated as it may seem, I

would still prefer that men give me a chance to say "no" before they assume that I've said "yes."

And a powerful chief taking advantage of a low-level clerk? Talk about inequality in a relationship. Can we no longer declare something to be what it indeed appears to be: disgusting behavior by someone who should know better?

NANCY LLOYD, Hong Kong.

The common sense of Gloria Steinem and Anita Hill — who said that President Bill Clinton's alleged contacts with Kathleen Willey were objectionable but did not constitute harassment ("Lewinsky's Father Rips Into Story," March 24) — was a welcome change from the usual commentary. Bravo!

TOMMY KLINGVALL, Ibiza, Spain.

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INTERNATIONAL

This Time, Yeltsin Says No 3d Term

But President Declines To Endorse a Successor, Not Even Chernomyrdin

By Michael R. Gordon
New York Times Service

MOSCOW — Boris Yeltsin said Monday that he would not run for reelection in 2000, throwing the door open to a bevy of would-be successors.

Since he dismissed his cabinet last week there has been considerable speculation that Mr. Yeltsin was laying the ground work for a third term in office by ridding the government of his heir-apparent, Prime Minister Viktor Chernomyrdin.

But Monday, Mr. Yeltsin said he was dropping out of the presidential race. At the same time, the 67-year-old president refrained from endorsing any of the potential candidates.

Mr. Yeltsin's comments punctuated a bewildering week in Russian politics, which saw the departure of top aides, the appointment of a 35-year-old technocrat as prime minister and announcement by Mr. Chernomyrdin that he would run for the presidency and begin to criticize the government.

Mr. Yeltsin has sent mixed signals regarding his future ambitions. Last year, he initially indicated he did not plan a third presidential term. But in October, he declined to exclude the option.

The shock waves of the cabinet dismissal continued to reverberate throughout Moscow, as Mr. Yeltsin continued to flesh out his new regime.

Sergei Stepashin, the current justice minister and former aide who encouraged Mr. Yeltsin to begin Russia's disastrous war against Chechen separatists, was named interior minister. He took the place of the hawkish Anatoli Kulikov.

In the Parliament, the Communists rallied against Mr. Yeltsin's choice as prime minister, Sergei Kiriyenko. But they stopped short of threatening a showdown over his appointment.

The Communist leader, Gennadi Zyuganov, said that Mr. Yeltsin should withdraw the appointment until Mr. Yeltsin and the opposition has discussed the government's new appointments. Mr. Yeltsin said, however, that he expected Mr. Kiriyenko to be approved.

Under Russia's law, Mr. Yeltsin can call for new parliamentary elections if the legislature three times rejects his choice for prime minister. Most analysts say that the parliamentary deputies are not eager to risk their jobs and perquisites in an early election.

Article 81 of the Russian Constitution limits anyone from serving as president for more than two consecutive terms. But Mr. Yeltsin's aides claim to have found a loophole in the law.

They say that that constitution went into effect during Mr. Yeltsin's first term of office. Since Mr. Yeltsin has only been elected once under the current constitution, they say, he should be free to run again. Given Mr. Yeltsin's attachment to power and his intolerance for anyone who seems to encroach on his authority few would be surprised if he changed his mind.

Mr. Yeltsin discussed his plans Monday before meeting with Secretary-General Kofi Annan of the United Nations. Mr. Yeltsin sought to defend his decision to dismiss Mr. Chernomyrdin from the post of prime minister and reassign him to the vague job of preparing for the 2000 presidential elections.

"We need a strong leader for that," Mr. Yeltsin said, referring to Mr. Chernomyrdin's new position. "And considering that I am dropping out of the elections."



THAWED OUT — Cadets from the Mojaisky Military Space Academy in Russia returning Monday from a failed ski training trip at St. Petersburg. The training was canceled because the snow had melted.

Marathon Peace Talks Start in Belfast

Compiled by Our Staff From Dispatches

BELFAST — Northern Ireland's political parties began a last-ditch round of talks on Monday to meet an April 9 deadline for a political settlement to end three decades of conflict.

George Mitchell, the former U.S. senator who is chairing the talks, has set the deadline for the British and Irish governments and eight parties to reach agreement on a new system of government for Northern Ireland.

Negotiators are expected to work from morning to night until Friday, then resume again Monday, taking breaks only to eat and sleep.

"The Irish government do not view these negotiations as a win-lose contest," Prime Minister Bertie Ahern of Ireland told British and Irish lawmakers at a conference in rural County Cavan, Ireland. "We simply do not have the luxury of more time," he said. "Time is very much the enemy in a situation where the opponents of peace are actively seeking to make agreement impossible through the stepping up of violence."

The negotiations at Stormont, the center of British administration in east Belfast, are supposed to be reinforced by cease-fires by Northern Ireland's major paramilitary groups.

The Irish Republican Army, supported by militant Catholics, has held fire for eight months; the Ulster Defense Association and Ulster Volunteer Force, rooted in pro-British Protestant areas, have maintained an October 1994 truce.

But members of both camps have violated the truces sporadically. And dissident gangs opposed to the talks have committed a series of sectarian killings.

The latest victim, a retired Protestant policeman shot outside a supermarket, was buried Sunday. A small anti-British group called the Irish National Liberation Army claimed responsibility.

The outline of a political settlement has been evident since the British and Irish governments published joint recommendations in January. The governments want Protestants and Catholics to govern Northern Ireland in a coalition and simultaneously send representatives to a new cross-border council with lawmakers from the Irish Republic.

Participants in the talks consider such an accord possible between the two largest parties: the Ulster Unionists on the Protestant side and the Social Democratic and Labor Party on the Roman Catholic side. A longer shot would be an agreement that includes both the Ulster Unionists and Sinn Féin, which seeks the end of Northern Ireland's separation from the rest of Ireland.

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SWISS: Differences on Holocaust Accord

Continued from Page 1

danger: that which is allowed to happen to the banks could also, by a different token, happen to industry, insurance companies or the National Bank."

This latest outpouring is part of the long-running "Nazi gold" affair that, over the last two years, has inspired the threat of broad U.S. economic sanctions against the country's three biggest banks — Union Bank of Switzerland, Credit Suisse and Swiss Bank Corp. — over allegations that they profited from the Nazi era.

To stave off both class-action suits demanding \$20 billion in compensation and the threat of sanctions, the banks agreed last week to negotiate a broad settlement of the claims with plaintiffs' lawyers and the World Jewish Congress under the aegis of Stuart Eizenstat, U.S. undersecretary of state for economic affairs.

Those negotiations are set to resume April 24. Mr. Eizenstat was widely quoted here as calling the negotiations a breakthrough that would lead to a "rough-justice fund" for claims arising from the Holocaust.

Only one day later, however, the three banks issued a little-noticed statement insisting that the aim of the negotiations was "a comprehensive resolution to this issue as it directly relates to the banks."

Additionally, the statement said, "These issues can only be answered within the context of the Volcker Commission inquiry," referring to an investigation, headed by Paul Volcker, the former head of the U.S. Federal Reserve, into thousands of accounts in Swiss banks that have been dormant, closed or emptied since World War II.

After stonewalling for years, the Swiss banks said last year that such accounts contain the equivalent of about \$50 billion — far less than either the amount mentioned in class-action suits or the \$1 billion to \$3 billion reportedly under consideration in the "rough-justice fund."

By invoking the Volcker inquiry — which is not set to conclude its investigations until next year — the Swiss banks were clearly narrowing the focus of the newest agreement while avoiding an assessment of their likely obligations. "Financial aspects have not been discussed," the statement said.

Michael Willi, a spokesman for Swiss Bank Corp. in Basel, said the banks did not accept culpability in relation to slave labor and felt that looted gold that came their way in the early 1940s represented only a small part of the overall amounts of gold stolen by the Nazis from central banks and individuals.

"Our main emphasis is the dormant accounts," he said. In last-minute negotiations before the agreement Thursday, lawyers for the Swiss banks and the class-action plaintiffs are reported to have drawn up a six-page agreement covering the areas of dispute, including the profits from slave labor and looted assets.

One Swiss banking official, who spoke on condition of anonymity, said, however, that the agreement was labeled "draft" and "working paper" and did not constitute a deal.

The notion of a "global settlement" of Switzerland's disputes with Holocaust survivors was first aired last December. At that time, U.S. Jewish organizations seemed to be canvassing the idea of a broad settlement to end all the disputes.

However, said Thomas Borer, a diplomat who heads a Swiss government task force on the issue, Switzerland had long made it clear "that there's no taxpayer money that can be involved in a rough-justice fund."

During World War II, the Swiss National Bank received the bulk of the looted and other gold that the Nazi authorities shipped out of Germany.

The Swiss National Bank, too, is opposed to making contributions to Holocaust survivors beyond those it has already made — about \$70 million — to the \$180 million fund.

The fund is one of several measures

that banks and officials have undertaken to counter criticism of their wartime behavior.

A commission is supposed to issue an initial report soon on gold dealings between the National Bank and Hitler's Germany.

Additionally, the authorities have proposed revamping gold reserves to yield a \$4.7 billion investment fund whose earnings would provide help to Holocaust survivors along with other victims of persecution.

Preparations for that fund, called the Solidarity Foundation — which would require a national referendum — have slipped and many Swiss politicians said that the agreement struck in New York would probably torpedo the idea.

ROLLS: Britons Lament Loss

Continued from Page 1

the news Monday morning. A rival group of Rolls-Royce fans did submit a bid, but were outgunned by BMW.

Though Rolls-Royce is a minuscule player when ranked by sales in the world's automobile market — it produced about 1,900 cars last year, selling for about \$250,000 each — its stature as a global brand, a status symbol and as a British national institution is unique.

Rolls-Royces have been owned and beloved by the former Shah of Iran, Elvis Presley, Lawrence of Arabia and, of course, the British royal family. The late John Lennon bought a Silver Shadow in the 1960s and had it painted in psychedelic colors.

Through all the ups and downs of global competition and the British empire, the company somehow sustained the image of hand-assembled cars built for kings and nobility.

After nearly going bankrupt in the early 1970s and then being acquired by Vickers for \$38 million in 1980, the company had slowly battled its way back to profitability. But Vickers, a manufacturer of military equipment, announced last autumn that it would sell the car business and refocus on its core businesses.

Rolls-Royce, the automobile company, was separated from the aerospace company still known as Rolls-Royce PLC. The aerospace company is not changing hands, but did have a rights offering which it did not exercise, to block the transfer of the Rolls-Royce name to any foreign car company.

Both BMW and Volkswagen now want to enter the rarefied niche market of super-luxury automobiles. Mercedes-owned by Daimler-Benz, is pushing into the same direction with plans to launch a line of big sedans in 2000.

BMW executives said Monday they wanted to invest about \$600 million in Rolls-Royce over the next 10 years and launch two new automobile lines.

Analysts infer that the new models would be a bit less expensive and sportier than traditional Rolls. The company has said it could quadruple the number of cars it sells to about 6,000, and that it can generate big savings by improving the way Rolls-Royce purchases parts.

Investors reacted coolly to BMW's victory. BMW shares initially jumped 30 Deutsche marks to 2,120 DM (\$1,160) on the Frankfurt stock exchange, but settled back to 2,060 DM.

Analysts said the Rolls-Royce purchase would have little meaningful impact on the company's overall performance. BMW's sales and earnings have soared in the last year, largely because of a big surge in exports in response to a stronger U.S. dollar.

Although both Vickers and BMW portrayed their agreement as tantamount to a done deal, it is still possible that disgruntled losers in the auction will counterattack.

The main critics are Rolls-Royce enthusiasts in Britain, who loathe the idea of selling one of Britain's crown jewels to a German company. "After Coca-Cola, this was probably the world's largest marque, and now the British are losing it," said Peter Baines, head of the Rolls Royce Enthusiasts Club.

Vickers said the BMW offer was the highest bid, and that serious contenders should have known that time was running out. But equally important, BMW is a prestigious producer of high-priced cars, and it already has business ties with Rolls-Royce. BMW produces the engines used in the new Silver Seraph, along with other components.

Vickers executives also said that all bidders had a fair chance to submit offers, but that they had a strong preference for selling the company to a well-established automobile manufacturer that could carry the venerable motorcars into the next century.

"The last thing we want is for Rolls-Royce to become a hobbyists' club," said Brigitte Daniels, a spokeswoman for Vickers in London. "The most important thing is to make sure that this great name carries on for as many more years as it has already."

Military in Indonesia Begins Sifting Returnees

The Associated Press

JAKARTA — The military said Monday that it was questioning hundreds of Indonesians who were deported from Malaysia about whether they belong to a movement fighting for independence for the province of Aceh.

A regional military spokesman, Lieutenant Colonel Agus Ramadan, said that the Indonesian deportees were being questioned in Lhokseumawe, a port town in Aceh.

An Indonesian Navy ship brought more than 500 deportees to Lhokseumawe on Friday, a day after a riot at a detention camp in Malaysia resulted in the death of eight Indonesians and one

Malaysian police officer. Acehese separatists, reportedly afraid of being returned to Indonesia, have been blamed in Kuala Lumpur for inciting trouble at the camp.

Major General T. Rizal Nurdin, the northern Sumatran military chief, was quoted by the Indonesian newspaper Suara Karya as having said that some suspected Acehese rebels were probably among the newly arrived deportees.

General Nurdin said those who supported the rebel group would be counseled to give up the secessionist cause before being returned to their hometowns.

However, those found to have been involved in criminal activity will be handed over to the police, the general said.

Human rights groups say some deportees are Acehese nationalists who fled their homeland on the northern tip of Sumatra Island after a military crackdown in the early 1990s.

The United Nations then declared the Acehese people refugees.

Aceh is one of three regions in Indonesia where separatists are fighting for independence. The two others are East Timor, a former Portuguese colony, and Irian Jaya, a former Dutch colony in the western part of New Guinea.

MALAYSIA: Appealing for Asylum, 12 Crash Into UN's Office

Continued from Page 1

had escaped from a detention center during the riots Thursday and that they were from Aceh, the region in northern Sumatra where separatists have been waging a campaign for independence since the 1970s.

Hundreds of Acehese fled to Malaysia — a short boat ride across the Strait of Malacca — several years ago to escape fighting between the Indonesian Army and separatists and many Acehese say they will be persecuted if they are sent

back home. Malaysia has ignored requests from the high commissioner to allow officials to speak to the hundreds of Acehese detained in camps. The UN has classified the Acehese as political refugees.

"We wanted to examine their cases before, but we were denied access," said Mr. Koefner.

"These people feel they are in danger of being deported. And they feel they are in danger if they return."

Representatives of Acehese groups in Malaysia and Singapore say that at

least 30 Acehese died during or following the riots Thursday.

Malaysian police said that five detainees were killed during the riots, two during hand-to-hand combat with the police, and that three died during deportation.

"They knew they had nothing to lose," said Elizabeth Wong, a spokeswoman for Suaram, a human rights group that has followed the plight of the Acehese.

"You either die here or you die there."



Bronislaw Geremek, foreign minister of Poland, with his counterpart, Abel Matutes of Spain, Monday in Brussels.

EU: Talks Open on Expansion

Continued from Page 1

in economic terms, and that to refuse to open talks would be seen as a concession to Turkey, which has occupied the northern part of the island in defiance of UN resolutions since 1974.

The Turkish-Cypriot government has spurned an invitation to the enlargement talks, saying that it must be considered as an equal to the Greek-Cypriot majority. In December, EU leaders in effect rejected Turkey for membership.

To help the candidate countries prepare for membership, the EU is offering multilateral and bilateral aid, and low-interest, long-repayment loans. This includes 9 billion European currency units (\$9.8 billion) in technical and financial aid between now and 2000 to help the candidates modernize and reform their economies, institutions and legislation.

For all of the prospective members, joining the EU will entail writing some 80,000 pages of European laws and regulations into their respective national legal codes.

amount would have breathed life into two of the four refineries, which "have been lying prostrate for more than three years."

This month, as the fuel shortage has again become a crisis, Nigerians grimly struggle to survive. For most of Lagos's estimated 8 million people, the only way to move across this sprawling, smoggy metropolis is by car or in one of thousands of yellow taxi vans that bounce along the broad, weedy highways and narrow city streets.

But these days the Lagos gas stations, and the streets around them, have become live-in parking lots. Hundreds of cars are jammed, bumper to bumper, in lines that snake from the pumps into the streets and out exit ramps onto highways.

Factories are running, by various estimates, at half of capacity or less. Many businesses stay closed and others run short-handed, not knowing

from day to day which employees will make it to work.

Last weekend, after some drivers had spent two to three days in line and riots had erupted, the military governor of Lagos State, Colonel Mohammed Marwa, said on television that "the head of state is unhappy about this suffering" and "has directed that we must resume normal supply."

Authorities said they had 4 million gallons of gas for the city, and Colonel Marwa sent state officials and extra police to supervise distribution.

By Friday, tanker trucks had delivered three loads to a Unipetrol station in northern Lagos, and the lines of cars were inching forward. Drivers filled their tanks and roared away, exultant. But from across the street, other drivers lined up outside an Elf gas station watched glumly. They still were waiting for a truckload they said had been promised all day.

OIL: In Nigeria, a Leading Petroleum Producer, Corruption and Mismanagement Cause Shortages of Gasoline

Continued from Page 1

grid and telephones — barely function. The government subsidizes gasoline and sets an official sales price of 52 cents a gallon — about nine cents of which goes to the state oil company. Company officials say that cannot even cover the cost of producing gasoline, much less maintain the refineries. The Finance Ministry says the company has lost, stolen or squandered more than \$2 billion in government allocations for maintenance work in recent years — but the company insists it never got the money.

Amid the squabble, no one has been prosecuted, and the refineries have creaked to a near halt. Nigerian analysts and foreign diplomats say Nigeria keeps its gasoline cheap partly as a sop to public opinion — but largely because that lets corrupt officials and their business partners resell

Nigeria's gasoline abroad, or on the black market, where it fetches about \$5.70 a gallon.

Since General Sani Abacha took power in a 1993 coup, his government increasingly has funneled the oil trade — exports of crude and imports of refined products — through a few favored traders, say Nigerian journalists and oil traders. The traders pay kickbacks for lucrative government contracts to import gasoline, kerosene and diesel fuel, the sources said.

"This makes them a lot of money while millions of Nigerians queue up for gas," a journalist said. "Of course, the details are kept secret, and we will end up in jail if we publish even what we do know."

Nigeria has budgeted \$600 million to import refined products between January and September. Paradoxically, said Nigeria's Oil and Gas Monthly, a trade journal less than half of that

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INTERNATIONAL

U.S. Offers Partnership, But South Africa Is Wary

Mandela Insists on Imposing Own Terms

By R. W. Apple Jr.
New York Times Service

JOHANNESBURG — One of the central themes of President Bill Clinton's trip to Africa is partnership, which is widely welcomed here as a break with the paternalism of the past.

But as the president departed from South Africa on Sunday for Botswana, he left behind a major question: What

economic reform fully enough. That might penalize countries that choose to follow a path not approved by the International Monetary Fund, for example. To Mr. Mandela and others here, that smacks too much of colonialism.

In addition, the singling out of a half-dozen or more countries for special treatment would make the achievement of African unity, already problematical, almost impossible.

By choosing six reforming countries to visit on this trip, Mr. Clinton strengthens the hand of a new generation of African leaders and encourages others to emulate them. But at the same time his policies could push countries like Nigeria deeper into isolation. Finally, the South Africans worry that the trade bill could sharply increase the power of multinational companies at the expense of the fledgling African economies.

Another dimension to the disagreement, only hinted at in public these last few days, is the balance between trade and aid. Mr. Clinton has promised to try to restore aid to its historically highest levels, but that will be hard to do in the present political climate in the United States. It is not easy for the South Africans to understand this, given the staggering dimensions of American prosperity.

South Africa's deputy president, Thabo Mbeki, Mr. Mandela's anointed



President Bill Clinton greeting students in Kasane, Botswana as he continued his tour of Africa.

successor, pushed hard during a meeting with Mr. Clinton for more aid, arguing that trade alone is likely to prolong African economies' reliance on the export of raw materials rather than more profitable finished products.

What South Africa thinks matters,

and not only because of Mr. Mandela's stature as a world leader.

Mr. Clinton avoided Gabon, Nigeria and Angola on this trip; they have governments that fall well short of Washington's criteria for acceptability. But with South Africa, they account for 84

percent of U.S. trade with sub-Saharan Africa. A trade bill that excluded all four, for one reason or another, would not amount to much.

That gives Mr. Clinton and Congress reason to see what they can do to meet Mr. Mandela's objections.

NEWS ANALYSIS

kind of partnership? The United States is so rich and so powerful that it can all but crush the comparatively tiny nations and economies of this continent in its embrace.

A determination to avoid this lay behind President Nelson Mandela's unequivocal statements last week that South Africa would choose its friends as it saw fit, whatever Washington may think about Cuba, Iran or Libya, and that his government found unacceptable the African Growth and Opportunity Act, a trade bill that has passed the House and is awaiting Senate approval.

Mr. Clinton did not huddle at Mr. Mandela's blunt if affectionate language. Indeed, he spoke in poetic terms of the South African's nobility of character in his toast at a state banquet.

Recalling Mr. Mandela's 27 years as a political prisoner, Mr. Clinton said, "Though you were locked in prison for a long time, you opened others' minds and hearts."

On an emotional level, most South Africans welcomed Mr. Clinton equally warmly. He was compared by many older people here to his political hero, John F. Kennedy — the last American president to take a broad interest in Africa.

Yet for all the expressions of mutual respect, the disagreements are real, and the South Africans, proud of their new freedom, are unwilling to be treated as a mere surrogate.

Mr. Mandela made it clear, said an approving editorial in the Sunday Independent newspaper, that South Africa wanted "a relationship with the United States on its own terms, rather than terms dictated solely by America's self-interest."

The trade bill backed by the president, its critics in the government here believe, would compromise the sovereignty of African governments by opening American markets completely only to those countries the United States judged to have embraced political and

Elias Freij, Moderate Mayor of Bethlehem, Dies at 80

The Associated Press

BETHLEHEM — Elias Freij, 80, the longtime mayor of this holy city and the standard-bearer of Palestinian moderation, died Sunday in a hospital in Amman, Jordan, of kidney and heart failure.

The mayor of Bethlehem for 25 years, Mr. Freij emerged once a year into the world limelight as the caretaker of Jesus's birthplace and as host to an annual Christmas Eve party outside the Church of the Nativity that drew thousands of pilgrims. In failing health, he retired last year.

When Yasser Arafat, the Palestinian leader, set up an autonomous government in 1994, Mr. Freij became minister of tourism. In December 1995, he presided over the first Christmas in Bethlehem under Palestinian rule, days after Israeli troops pulled out of the city, which they had occupied since the 1967 Mideast War.

As a Palestinian statesman, Mr. Freij was constantly sought out by visiting dignitaries or would-be peacemakers to hear his theme that Arab-Israeli coexistence was needed.

"I doubt if anyone in the Middle East wants peace more than I do," said Mr. Freij, who was chosen to be a member of the Palestinian negotiating team sent to the Madrid peace conference in 1991.

But his influence in the West Bank did not always reflect his popularity on the diplomatic circuit. At various times, his moderate views earned him the enmity of both the Israeli government and leaders of the Palestine Liberation Organization.

A Greek Orthodox Christian, Mr. Freij came from a family that traced its ancestry in Bethlehem back 500 years. He expressed concern about the dwindling Christian population of the city of

50,000, where Muslims now outnumber Christians by 2 to 1.

Mr. Freij owned a string of shops that sold olive wood and mother-of-pearl souvenirs. But politics was his main occupation since he was first elected to the Bethlehem town council in 1963, when the city was under Jordanian rule.

He became mayor in 1972, five years after Israel occupied Bethlehem and the rest of the Jordanian West Bank, and was re-elected in 1976, the last year municipal elections were held.

Rainer Pawkowicz, 54, Official Of Rightist Party in Austria

VIENNA (AP) — Rainer Pawkowicz, 54, who led Austria's far-right party to its strongest showing in Viennese elections, has died of a brain tumor, the state news agency APA reported Monday.

The Vienna native joined the rightist Freedom Party in 1971 and served in numerous leadership positions, including as a deputy in Parliament for a year.

Under his leadership, the party won 27.9 percent of the vote in Viennese elections in 1996.

Karsten Prager, 61, Time Editor

RICHMOND (AP) — Karsten Prager, 61, Time International's managing editor from 1991 to 1995, died at a hospital here on March 23. He had been undergoing treatment for cancer.

Mr. Prager began his career in Thailand for the English-language Bangkok World and worked for The Associated Press in Southeast Asia. In the 1970s, he was Time's bureau chief in San Francisco, Beirut and Madrid. He became international editor in 1980 and retired last year as editor at large.

BRIEFLY

Troops Said to Kill 100 Algeria Rebels

PARIS — Algerian troops have killed more than 100 rebels in a new offensive on guerrilla strongholds in western Algeria, an Algerian newspaper reported Monday.

Artillery pounded the rebels on Ouarsenis Mountain in the western province of Relizane, 270 kilometers from Algiers, and then troops stormed the trapped men, the daily L'Authentique said.

The offensive began March 24, after the authorities were alerted by two girls who had been abducted by the rebels but escaped, the paper said, adding that the military operation was continuing. (Reuters)

Doctors' Warning On Trial of Botha

CAPE TOWN — Former President Pieter Botha may not be well enough to stand trial for defying a commission that is investigating human-rights abuses in the apartheid era, two medical experts said Monday.

Dr. Derek Philcox and Dr. Jacques de Villiers, retired brain specialists, presented affidavits to the Truth and Reconciliation Commission expressing doubts about the ability of Mr. Botha, 82, to face a criminal trial. He suffered a stroke in January 1989.

The trial is scheduled to begin on April 14 on charges of contempt over his defiance of subpoenas to appear before the panel. Mr. Botha has pleaded not guilty. (AP)

Japan Hails Pact Over Cuban Debt

HAVANA — The Japanese ambassador to Cuba said that a debt-repayment agreement with Havana would lay the foundation for increased trade between the two countries.

"The unpaid Cuban debt has been a major obstacle to bilateral trade and to investments by Japanese firms in Cuban tourism and other spheres," Saburo Tanaka, said Sunday.

The accord, signed in Tokyo this month, rescheduled Cuban debts of \$100 billion yen (\$769 million) owed to 182 Japanese private enterprises. (Reuters)

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To the Rescue

Major IMF bailouts during the recent Asia crisis



Michel Camdessus, managing director of the IMF, looking on when President Suharto of Indonesia signed an accord at a ceremony in January.

The Shock Troops of the International Economy

IMF's 1,000 Economists Labor to Rescue Countries in Financial Distress, Often Without Kudos

By Paul Blustein
Washington Post Service

WASHINGTON — Protecting global economic order can be a chaotic business. It certainly is these days for the international economy's shock troops — the 1,000 economists from six continents at the International Monetary Fund's headquarters in Washington who exercise extraordinary influence over the affairs of countries thousands of miles away.

The institution they serve is a source of great mystery to the public and even to officials of countries to whom it is accountable. The IMF's basic function is simple enough: It dispenses loans to financially strapped governments that follow its prescriptions for economic restructuring. But many of the Fund's activities remain shrouded in secrecy, and even when it releases statements or

documents to the public, it still tends to bid behind a smoke screen of technical jargon.

But that is changing. Rarely, if ever, in its 53-year history has the IMF been forced to scramble so furiously as during its efforts to help Asia's once-thriving economies from collapsing. Nasty developments have repeatedly taken IMF officials by surprise. Although the Fund can claim success in having stemmed the financial turmoil in South Korea and Thailand, a deep crisis persists in Indonesia, the third big bailout recipient.

The mess in Indonesia is one factor fueling a mounting clamor of criticism against the IMF, which comes as Congress weighs a Clinton administration request for \$18 billion to help replenish the fund's coffers.

A look at the inner workings of this powerful institution shows how its key officials have been struggling at crucial

points in the Asian crisis to contain the instability menacing the world economy.

John Boorman, director of the IMF's policy development and review department, recalls how the Fund was "getting facts on the run" as the bailout for South Korea was being negotiated in early December. "Decisions were being made on the basis of the facts on hand at the moment, rather than with the fullest information that one would like to have in those kind of circumstances," Mr. Boorman said. "The strain was enormous."

The IMF is sometimes accused of running roughshod over a number of problems in its zeal to prevent Asian economies from going bust. It is sowing the seeds of future crises, critics fret, because big banks will conclude they can throw money recklessly around the world without fear of losing it in a default. Another common complaint is

that the Fund has imposed excessively austere policies on the already hard-pressed Asians.

But the IMF and its defenders counter that the Fund's efforts have significantly reduced the ill effects of the crisis. Simply allowing an Asian "tiger" to collapse would pose unacceptable risks to the rest of the world, they argue, especially considering how rapidly financial contagion spreads.

What is more, the IMF has had to contend with the reality that countries tend to reject its help until time has nearly run out.

"IMF programs are like medicine," said Michael Mussa, the IMF's chief economist. "Some of the medicine has harmful side effects, and there are real questions about what the dosage ought to be. The best that can be hoped for is that we're prescribing more or less the right medicine in more or less the right dosage."

Remedies for sick economies are concocted in a beige limestone building

See IMF, Page 15

Norway Pledges to Cut Oil Production by 3%

VIENNA — Norway pledged Monday to slash 3 percent of its daily oil production, just before OPEC members were set to start an emergency meeting to ratify production cuts of their own to push oil prices higher.

The move by Norway would remove roughly 100,000 barrels from the glutted global petroleum market.

Norway, a non-OPEC member that is the world's second-largest oil exporter after Saudi Arabia, said its cuts would take effect April 12 and last through the end of the year. But Norway, in a statement issued from Oslo, reserved the right to cancel its plans if OPEC fails to follow through on its own planned cutbacks.

day from the market to see a lasting price increase.

Pledges of cuts in production pushed prices about \$2 per barrel higher on London and New York futures markets last week.

Prices turned around Monday in London and New York, with Brent crude oil to be delivered in May down 63 cents at \$14.77 per barrel on the International Petroleum Exchange and down 58 cents at \$16.18 per barrel on the New York Mercantile Exchange at 3 P.M.

Some of the OPEC ministers said before their Monday meeting that the group should do even more to try to improve prices.

Others disagree. Qatar's oil minister, Abdullah bin Hamad al-Attiyah, said early Monday he was happy with what has been thus far pledged. Dan Etete, Nigeria's oil minister, has taken the same line, although the new Kuwaiti oil minister, Sheik Nasser al-Sabah, called for greater cuts by both OPEC and non-OPEC producers.

Several ministers are nevertheless staying vague about how much oil they actually will pump—raising more questions about whether the deal can work.

Britain and Germany Press Paris to Privatize Aerospatiale

By Paul Taylor
Reuters

LONDON — British and German aerospace companies and their governments have given France a virtual deadline to privatize state-owned Aerospatiale or miss out on the introduction of a single European aerospace and defense company, industry sources said Monday.

That message was contained in a confidential report to governments submitted by British Aerospace PLC, Daimler-Benz Aerospace AG, or DASA, of Germany and Aerospatiale last Friday, the sources said.

"If we find the French won't move quickly, then there are other options," a source familiar with the issue said.

The main other option would be for

British Aerospace and DASA to go ahead without Aerospatiale and tell the French, "We'll keep a chair at the table for you once you are ready to renounce state control," he said.

While no explicit or formal deadline had been set, the sources said the timeframe for a political decision was by the end of this year, partly because a German general election set for Sept. 27 was likely to inhibit Bonn until October.

The three European companies are being spurred by the need to compete with huge mergers in the U.S. defense industry.

West European countries have slashed their military budgets by about 40 percent since the end of the Cold War, adding to pressure for a restructuring of European defense industries.

Thinking Ahead / Commentary

Euro Brings Need for Accountability

By Reginald Dale
International Herald Tribune

ROADEX, FRANCE — As they move inexorably toward merging their francs, lire and marks into a single currency, the euro, 11 West European countries are engaging in one of the most extraordinary surrenders of national sovereignty ever voluntarily undertaken by proud independent states.

What's more, they are doing so at a time when many people around the world are more anxious to preserve their sovereignty from what they see as threats from economic globalization than to cede it to international organizations.

Those concerns exist in Europe, too. One big argument of the euro's opponents is that it means transferring national decision-making authority over key economic policies, such as interest and exchange rates, to unelected bureaucrats in Frankfurt and Brussels.

So far, however, the contrary argument has prevailed. It is that countries will gain greater benefits than they will lose, and ultimately more power to defend their interests, by pooling sovereignty in a bigger group of like-minded nations.

That belief, rooted in centuries of bloody intra-European conflict, has impelled Western Europe further down the road to shared sovereignty than other nations. But Europe's dilemma over sovereignty are increasingly echoed throughout a world moving increasingly to a borderless economy.

There are many different worries. As Asia's financial crisis unfolded, many in the region felt they had been forced to yield control over their affairs first to currency speculators, then to the International Monetary Fund and the United States.

In India, opponents of trade liberalization argue that it has deprived their country of the tools needed to run a protected, self-sufficient economy—even though such policies have failed in the past. Many Americans see the World Trade Organization in Geneva as a sinister threat to U.S. national independence.

But there are common themes. Many of those worried by economic

By pooling sovereignty, Europe is for once setting the world a good example.

globalization complain that powerful transnational corporations and financial markets, not national governments, are increasingly dictating economic and social policies.

It is true that investment tends to accumulate in the best-run economies, and that it is free to do so in a global economy. That is generally a good thing. It should act as an incentive to countries to make the best use of economic resources.

But it is not true that national governments no longer have economic and social policy choices or that investors flock to countries where social

systems are most primitive. Most international investment still goes to rich countries with wide variations in tax and spending policies, social structures and environmental standards.

Companies and markets are still regulated. The Asian crisis is actually a reminder of the need for sound financial regulation as markets are opened, and many of the most enthusiastic advocates of globalization are now studying how unstable capital flows can best be tamed.

The worldwide trend is in fact toward a greater, voluntary pooling of economic sovereignty. The WTO is more powerful than its predecessor, the General Agreement on Tariffs and Trade, and virtually every country in the world is either a member or wants to be.

Regional economic groupings are proliferating — some of them consciously inspired by the European Union — and as trade barriers fall, more and more domestic policies are becoming subject to international agreements.

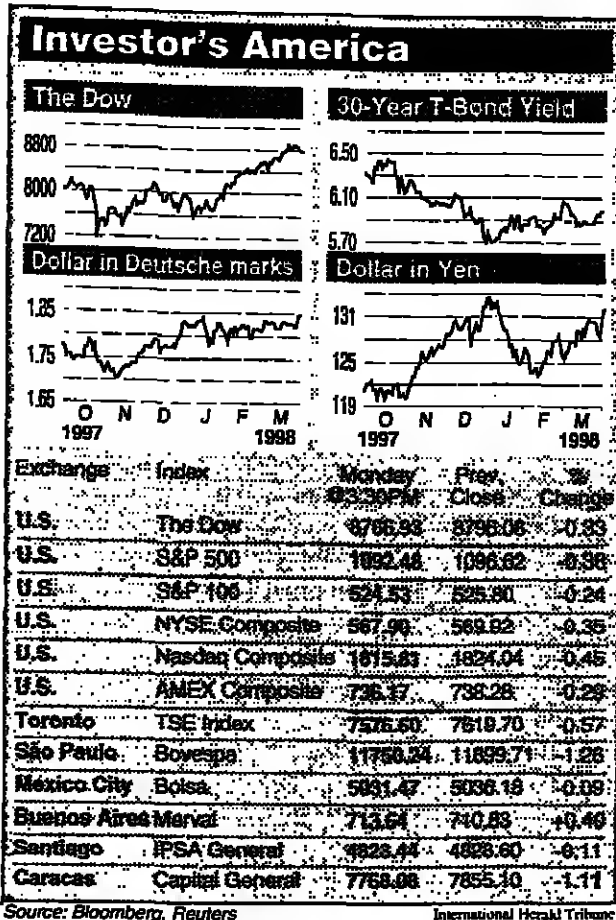
Opponents of the process tend to overlook its advantages. There is ample evidence that economic integration benefits the participants. The old nationalisms that are being replaced in Europe were destructive, as was the self-interested, beggar-thy-neighbor world of the 1930s.

By pooling sovereignty, Europe is for once setting the world a good example. Now it should give greater thought to making the institutions to which sovereignty is being transferred more accountable to the people they are meant to serve.

CURRENCY & INTEREST RATES

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THE AMERICAS



Nikkei's Slide Fuels Dollar Against Yen

Compiled by Our Staff From Dispatches

NEW YORK — The dollar soared against the yen and was higher against other major currencies Monday, helped by the failure of Japan's government to prop up the country's stock market and by the prospect of a U.S. interest-rate rise later this year.

At 3 P.M. in New York, the dollar was at 132.065 yen, up from 128.275 yen at the close on Friday. It rose to 1.8482 Deutsche marks from 1.8191 DM.

The dollar also fetched 1.5235 Swiss francs, compared with 1.4861 francs, and 6.9192 French francs, compared with 6.9974 francs. The

FOREIGN EXCHANGE

pound fell to \$1.6780, from \$1.6870.

The dollar rose to a two-and-a-half-month high against the yen amid signs that Japan's plans to use public funds to prop up the stock market will not be sufficient to avert a recession.

The benchmark Nikkei 225 stock index fell 2.84 percent to a five-week low of 16,263.04, as investors sold Japanese stocks and used the proceeds to invest outside of Japan, which has suffered an eight-year slump.

"I'd be a buyer of dollars," said Steve Barrow, a currency strategist at Bear Stearns International, who expects the dollar to climb to 145 yen this year. "Until the Japanese economy shows some signs of stabilizing, the market can't be sure the government has done enough to solve its problems."

"The dollar trend looks higher, especially if the Fed tightens, not tomorrow but in the next few months," said Chris Eggo, an economist at Barclays Capital.

He also said traders were pessimistic about the Bank of Japan's quarterly economic report due on Thursday.

Markets paid little attention to a prediction made by Chancellor Helmut Kohl of Germany that he expected noticeably more employment in Western Germany by the end of the year but that Europe's currency union was not likely to create new German jobs in the short term.

At the same time, investors were delighted with the pound's prospects. Britain does not plan to be among the first wave joining monetary union next year and might still raise interest rates. (Reuters, AFP)

Stocks Slip on Outlook for Oil and Profits

Compiled by Our Staff From Dispatches

NEW YORK — Stocks were lower for a fourth day Monday, led by oil and financial issues, as investors sold shares of companies that may report weak earnings.

At 3 P.M. the Dow Jones industrial average was down 35.58 points at 8,795.08. Declining stocks outnumbered those that advanced by a 17-to-11 ratio on the New York Stock Exchange in mid-afternoon volume of 336 million shares.

The Standard & Poor's 500-stock index was down 3.54 points at 1,091.90, and the Nasdaq composite index was down 6.34 points at 1,823.79.

Oil prices fell after a meeting in Vienna, would stick to their pledges to cut production in a bid to bring oil prices up. Halliburton led the decline, falling along with Exxon and Cooper Cameron, a well equipment company.

The benchmark 30-year Treasury bond fell 9/32 to 102 1/32, raising its yield 2 basis points to 5.98 percent.

Some financial shares slipped with bonds, after a report showing record home sales last month indicated that inflation may quicken.

As bonds fell, their yields climb, and higher interest rates are bad for banks, which borrow money to conduct business.

Brokerage stocks fell after

meeting in Vienna, would stick to their pledges to cut production in a bid to bring oil prices up. Halliburton led the decline, falling along with Exxon and Cooper Cameron, a well equipment company.

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Brokerage stocks fell after

U.S. STOCKS

quarter, concern about corporate profit is prompting stock sales, he said. "You might see some adverse surprises, and that's making people nervous."

Oil drillers and service companies declined along with crude oil prices as investors apparently were skeptical that the OPEC members.

Dell Sets Sights on China's PC Market

Reuters

SINGAPORE — Dell Computer Corp. is preparing to grab a large slice of the personal-computer business in China and move into direct selling there when the market is ready, executives said Monday.

"We are building a team, and we should be shipping products there later this year," said Morton Topfer, vice chairman of Dell.

"Initially, we are shipping desktops, notebooks and servers," he said. "Over the next year, it will be a full range of products."

Known for selling directly to customers, Dell has been marketing in China through a network of distributors.

After many months of negotiation with Chinese authorities, it is opening a manufacturing and customer center on a 50,000 square-

foot (4,500 square-meter) site in Xiamen in Fujian province.

"One of the major reasons for our investment in China is to set the platform, the foundation and the infrastructure to support our customers for the decades ahead," said Phil Kelly, president of Dell's Asia Pacific unit. "When the time is right, we will bring the direct model to China."

Mr. Kelly declined to predict when China would be ready for the direct sales approach but conceded that Dell's activities in China were an indication it could happen sooner rather than later.

Mr. Topfer said Dell was likely to work through distributors for a while. Dell uses the direct method in 11 Asian countries and sells through distributors in another 39.

Based on its progress in Asia, where it is ranked ninth after three

years of business, Dell expected to move quickly up from its current ranking in China as number 11 or 12, Mr. Topfer said.

China, the second-largest Asian PC market outside Japan, is dominated by desktop sales to the government sector and corporations.

Dell plans to concentrate manufacturing for Asian markets at its China site and at a Malaysian plant in Penang, Mr. Topfer said.

In its fourth quarter, which ended on Feb. 1, much of Dell's growth in Asia was driven by China. Asian sales surged 79 percent to \$240 million on a year-to-year basis despite regional economic problems.

Dell maintained a strong outlook in particular for Malaysia and Thailand, where it posted growth of 100 percent during the quarter, Mr. Kelly said.

Boeing and CSA Get Stake in Czech Jetmaker

Compiled by Our Staff From Dispatches

PRAGUE — The Czech government said Monday it had approved the sale of its 34 percent stake in the aircraft maker Aero Vodochody to a group headed by Boeing Co. and the Czech airline CSA to rescue the Czech company from bankruptcy.

The Czech government spokesman, Vladimir Mylnar, said the price would be 950 million koruny (\$28.1 million) in cash. He said the government would also provide 38 billion koruny in credit guarantees over the next 10 years.

"The deal is conditioned by a commitment that Boeing will re-

main a strategic partner until at least 2008," Mr. Mylnar said.

Mr. Mylnar added that Aero Vodochody's debts would be restructured and turned into foreign currency credits from foreign banks. He did not provide details.

The deal to rescue the aircraft manufacturer had been in the works since last May, when the Czech Republic chose a consortium of Boeing, McDonnell Douglas Corp. and state-owned CSA to take a stake of up to 40 percent in Aero Vodochody. Since then, McDonnell Douglas has been acquired by Boeing.

Under the arrangement, Boeing

will hold a 90 percent stake in a limited-liability company that will invest in the state-controlled Aero Vodochody, which makes light-attack and military-trainer airplanes as well as aircraft components.

Other terms of the deal were not disclosed.

Aero Vodochody needed the guarantees to finance the manufacture of 72 fighter jets for the Czech military. Negotiations on the sale of the stake to Boeing and CSA had been delayed as the two sides debated the conditions for the government-loan guarantees, Mr. Mylnar said.

Charles Schwab said it expected commission revenue, its most important source of income, to be hurt by price cuts as customers traded more by computer. The largest U.S. discount broker said in a regulatory filing that it was combining its regular and electronic trading operations and cutting the price of computer-based trades for most customers. Merrill Lynch and Travelers Group, which owns Salomon Smith Barney Holdings, also fell.

Telephone companies rose after the U.S. Supreme Court refused to block nationwide deregulation of pay-phone charges. Regional telephone companies raised rates after the new rules took effect in October, and pay-phone rates climbed to about 35 cents in most parts of the country from as low as 10 cents in some places. BellSouth and Bell Atlantic were among the gainers.

Among active issues, Odetics shares rose after a jury awarded the company \$70.4 million in its patent lawsuit against Storage Technology Corp. Centocor rose after studies showed its clot-preventing drug, ReoPro, can significantly benefit heart patients.

Pfizer rose for a second day. The drugmaker won U.S. clearance Friday to sell Viagra, the first pill approved to treat impotence.

(Bloomberg, AP)

To Our Readers

Because of the seven-hour time difference between New York and Paris through April 5, the U.S. stock tables, the U.S. futures and some other items in this edition reflect early prices. This change is necessary to meet distribution requirements.

Very briefly:

• Sony Corp. plans to combine its Columbia Pictures and TriStar Pictures movie studios into one unit; Sony will distribute films under the Columbia banner, while the TriStar trademark and name will continue to exist.

• The U.S. Commodity Futures Trading Commission issued a special warning for investors to be on the lookout for fraudulent trading schemes involving foreign currencies.

• Walgreen Co., the largest U.S. drug-store chain, said its earnings for the quarter ended Feb. 28 jumped 16 percent to \$171 million, compared with the like period a year earlier.

• Koo Koo Roo Inc., the Los Angeles-based restaurant operator, named Lee Iacocca, the former chairman of Chrysler Corp., as its acting chairman.

• Texaco Inc. said it would buy back up to \$1 billion of its common stock in the company's second share repurchase program in two years.

• Coca-Cola Co. expects its beverage sales to rise 13 percent in the first quarter, spurred by strong consumption in Latin America and Asia. (Bloomberg, AP, Reuters, WP)

Weekend Box Office

LOS ANGELES — "Titanic" dominated the U.S. box office over the weekend, with a gross of \$16 million.

Following are the Top 10 moneymakers, based on estimates for Friday through Sunday.

	1. Titanic	2. Titanic	3. Titanic	4. The Man in the Iron Mask	5. Wild Things	6. As Good as It Gets	7. Good Will Hunting	8. U.S. Marshall	9. The Newton Boys	10. Mr. Nice Guy
	\$16 million	\$12 million	\$12 million	\$7.3 million	\$6.5 million	\$5.8 million	\$5.4 million	\$4.2 million	\$4.1 million	\$2.6 million
	(Universal)	(Universal)	(Universal)	(United Artists)	(Columbia Pictures)	(TriStar)	(Miramax)	(Warner Bros.)	(Columbia Pictures)	(New Line Cinema)

AMEX

Monday's 3:45 P.M.

The 300 most traded stocks of the day.

Most Active Stocks

Stock Sales High Low Last Chg

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U. S. STOCK MARKET DIARY

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INTERNATIONAL FUTURES

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ASIA/PACIFIC

Talks With IMF Going Well, Jakarta Says

Compiled by Our Staff From Foreign Press

JAKARTA — Finance Minister Fud Bawazier said Monday that there were positive signs that the country's \$74 billion corporate debt problem could be settled, which would remove a key hurdle to Indonesia's bailout negotiations with the International Monetary Fund.

"I see good signs, and it can be settled," Mr. Fud said after a meeting with President Suharto.

Discussions between Jakarta and the IMF over the terms of a \$40 billion, loan-guarantee package have stalled over the issue of how to handle Indonesia's mountain of corporate debt, much of it uncollectible because of the 70 percent

decline of the nation's currency, the rupiah, since last summer.

The talks have lasted almost two weeks and covered five main areas: corporate debt, bank restructuring, the budget and subsidies, monetary policy and structural reform.

The IMF's chief negotiator, Hubert Neiss, said general talks on monetary policy would conclude Tuesday. "We have further points, but this is maybe the last major point," he said.

He added that although corporate debt was "still an issue," he expected the talks to finish "very soon" in a "matter of days."

Last week, Mr. Neiss said that the IMF saw merit in an Indonesian

proposal to resolve the debt crisis using a model adopted by Mexico in the early 1980s.

Mr. Bawazier said he reported to the president that many foreign investors intended to buy government shares in listed companies on the Jakarta stock exchange. "This is an indication that they believe Indonesia's economy will be restored," he said.

The minister for state firms, Tanti Abeng, was quoted Monday by the Media Indonesia daily as saying that Indonesia was planning to sell 12 state companies by June to help pay off its public debt as part of an agreement with the IMF.

Subarto Family Criticized

A senior Indonesian economic adviser says the Suharto family's financial interests are blocking Indonesia from coming to grips with its economic crisis, according to a Sydney newspaper report quoted by The Associated Press.

"Indonesia's biggest problem is for the government to come up with consistent policies, and I don't think they can because the influence of the First Family's interests is too great," Umar Juoro, adviser to the new vice president of Indonesia, B.J. Habibie, was quoted as telling The Australian Financial Review.

Seoul to Ease Restrictions on Investments

Compiled by Our Staff From Foreign Press

SEOUL — South Korea is abolishing restrictions on foreign investment in its securities industry, the Ministry of Finance said Monday. The move could push some domestic brokerages out of business.

Seoul also announced other market-opening measures, including allowing foreigners to invest in the domestic oil business and removing some restrictions on foreign investment in other industries.

The brokerage changes take effect Wednesday, several months earlier than originally planned, the ministry said. The package would be followed by deregulation in foreign-exchange transactions in July.

The moves are in line with the government's effort to attract more foreign investment to help recover from the Asian financial crisis.

The changes will enable foreign companies to set up new branches in South Korea with no restrictions on equity ownership, compared with the current 50 percent limit in joint venture brokerages.

Investor's Asia

Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong Hang Seng		11,503.76	11,735.50	-1.97
Singapore Straits Times		1,648.56	1,653.93	-0.32
Sydney All Ordinaries		2,741.00	2,762.70	-0.79
Tokyo Nikkei 225		16,263.04	16,739.26	-2.84
Kuala Lumpur Composite		722.96	727.62	-0.64
Bangkok SET		463.09	468.65	-1.01
Seoul Composite Index		482.33	496.26	-2.81
Taipei Stock Market Index		9,089.96	9,085.83	-0.08
Manila PSE		2,273.80	2,301.66	-1.21
Jakarta Composite Index		5,411.25	5,421.10	-0.12
Wellington NZSE-40		2,303.12	2,340.91	-1.61
Bombay Sensitive Index		3,897.98	3,908.60	-0.27

Source: Reuters

International Herald Tribune

Very briefly:

- Sony Corp. has entered into a licensing agreement with Sun Microsystems Inc. for the use and distribution of Sun's Java programming language technology. The companies plan to support development of applications based on Java for digital home-entertainment products and networks.
- Australia and New Zealand are now seen as the Asia Pacific region's hottest property markets because the financial turmoil in Southeast Asia has forced investors to seek new markets in the area, according to a survey by the real estate group Knight Frank.
- Singapore Telecommunications Ltd. is cutting rates on international calls from May 1 and will introduce a new low-cost international dialing plan. SingTel, as the former telephone monopoly is known, plans to cut rates to 126 countries by as much as 22 percent.
- South Korean prosecutors called for an extra six-year prison sentence for charges of bribery for Chung Tae Soo, the founder of the failed Hanbo Group. He is already serving a 15-year sentence for his role in a loans-for-kickbacks affair.
- Arab-Malaysian Finance Bhd., Malaysia's third biggest finance company, has been given the approval by the country's central bank to begin merger talks with Abrar Finance Bhd., Advance Finance Bhd., and Sime Finance Bhd. Arab-Malaysian said it was responding to the government's calls for consolidation.
- Toyota Motor Corp., a domestic unit of Toyota Motor Corp., will start a regular service on Wednesday of information for car-navigation systems by means of cellular phones. Drivers will be able to receive 24-hour information on traffic, weather forecasts and a variety of news.
- Dow Chemical Co. has reached a deal to buy a 50 percent stake in a plant in Ningbo, China, that is now held by Zhejiang Chemical Factory.
- Du Pont Co., unfazed by the Asian crisis, plans to double its sales on the continent to \$6 billion over the next four years. It has already made extensive acquisitions in Pakistan, Taiwan and Malaysia last year.

Bloomberg, Reuters, AFP

IMF: Army of Economists Fights to Buoy Global Economy

Continued from Page 11

13 stories high and three blocks west of the White House. Although a quarter of the 2,600 employees are American, the place has a distinctly Continental feel. That is in part because the managing director is traditionally a European; currently it is Michel Camdessus, a 64-year-old with a formal manner who previously was governor of the French central bank.

The Fund's economists, the dominant force within the staff, consider themselves elite international civil servants. They fly business class, stay in luxurious hotels when on missions to foreign capitals and earn salaries that average \$94,000 a year, tax free. American staffers pay taxes on their earnings, but their salaries are raised accordingly.

The IMF likes to depict itself as the servant of its 182 member countries. Founded in 1944 to oversee fixed currency rates, it still functions today in much the same way it did then—as a sort of credit union, with nations depositing money that is lent to members in need. The United States has the biggest say in Fund affairs, with an 18 percent voting share on the board, and its top policymakers are consulted closely by Fund management.

But while the IMF abides by the wishes of its major shareholder nations, it also is one of Washington's most cohesive bureaucracies.

The institution's discipline is legendary. When a team of economists goes on a mission to a troubled country, they bring along a document—typically the product of weeks of debate within Fund de-

partments—spelling out what policies the country should adopt. When they start negotiating with the country's officials, they are expected to stick unflinchingly to this pre-agreed approach, to convey the impression they are certain of what they are talking about.

Even when they find themselves sympathizing with the objections raised by the country's officials—as they often do—the whole issue has to be debated again privately

Critics say the IMF needs to move faster at figuring out how to cope with new-style investor panics.

with officials back in Washington before the IMF negotiators make any concessions.

Disputes within the staff are resolved by Mr. Camdessus, or more commonly—by Stanley Fischer, the IMF's deputy managing director and a former economics professor at the Massachusetts Institute of Technology whose intellectual commands great respect among IMF staffers.

But any debate still takes place within an extremely hierarchical system that, some analysts say, makes the Fund too rigid. Economists from the World Bank, who often conduct joint missions with the IMF, voice awe at the almost military manner with which IMF staffers back their superiors' judgments once a decision is reached, in

contrast with the more free-wheeling atmosphere at the bank.

Promotions—from economist to senior economist; senior economist to deputy division chief; and so on—occur only after a staffer has spent at least two years at each level. "You have division chiefs who have been there for 20 years, and it's very difficult to join at mid-career," said Laura Papi, who left the IMF in November. "So the organization is very inbred."

The Fund's strong bureaucratic culture helps explain the argument advanced by some of its more vehement critics such as Jeffrey Sachs and Steven Radelet of Harvard University. They see an institution stuck in a mind-set that it developed during the Latin American debt crisis of the 1980s, when the chief problems were runaway budget deficits and inflation.

The IMF is too prone to fall back on familiar budget-cutting and other austerity measures, these critics complain. And it has not yet honed its expertise for dealing with problems that have cropped up in the 1990s, notably the weaknesses in many countries' banking systems and their vulnerability to sudden withdrawals of "hot" foreign money.

Fund officials reject much of this criticism. When countries lose the confidence of markets, they argue, the only sensible approach is to take painful steps such as raising interest rates to lure back investors.

But even some IMF supporters concede that the Fund needs to move faster at figuring out how to cope with new-style investor panics in countries that differ vastly from the profligate Latins of the 1980s.

An Upbeat Intel Slates \$1 Billion for Asian Investments

Bloomberg News

SEOUL — Intel Corp. plans to invest \$1 billion in plants and equipment in Asia this year because it sees "major growth" in the region's personal-computer market, its president, Craig Barrett, said Monday. Intel, the world's largest maker of computer microprocessor chips, also plans to buy \$1 billion of chips, other products and services from South Korean companies this year, Mr. Barrett said, a move that could help hold down costs.

The investments reflect Intel's belief that Asia will see "major growth in PC usage," Mr. Barrett said in Seoul. He declined to comment further on the planned investments and purchases.

By investing in Asia and buying Korean products made cheap by a devaluation of the country's currency, Intel may be able to hold down costs at a time when prices in the microprocessor market it dominates are falling faster than ever. Intel's sales in the Asia-Pacific region totaled about \$5.85 billion in 1996.

Mr. Barrett, who in May will succeed Andrew Grove as Intel's chief executive, declined to comment on a report this month that its investments in Asia may include buying a stake in Samsung Electronics Co., South Korea's largest chipmaker.

Intel already buys computer chips from Samsung and owns 10 percent of the South Korean company's chip plant in Texas.

TEMPS: High-Tech Firms Relying on a New Class of U.S. Workers

Continued from Page 1

loses out on, many temps say, far outweigh whatever extra pay they take home.

"It's a system of having two classes of people and instilling fear and inferiority and loathing," said Rebecca Hughes, who worked for three years as a temp at Microsoft, helping edit its CD-ROM on health care.

With work lives strung together by three-month contracts, some temps have worked at Microsoft for more than five years and have seized on an awkward term to describe their awkward status: permatemps.

John Schussler has received a half-dozen promotions since he went to work as a tester for Microsoft in 1992, looking for bugs in the endless lines of computer code that make up the company's software products.

Now a program manager, he oversees the 18 people who run Cinemania and Music Central On-Line, the company's movie information service and 24-hour music store.

But he does not have the one thing he wants most: a permanent Microsoft job and the benefits that go with it.

"Why is it that the guy next to me, who does the same work as me, is a

permanent employee and can afford to buy a house, and I'm still in an apartment?" he asks.

Microsoft insists that Mr. Schussler's temp agency, Rho Tech, is his employer, although he works on the Microsoft campus, is supervised by Microsoft managers and uses Microsoft equipment.

He says he has almost no contact with Rho Tech, which deducts his taxes, sends his paycheck and provides a barebones health plan.

Microsoft's temps may feel their contingent status more keenly than other temps, largely because the software giant's well-known policy of giving stock options to employees has made many of the temps' co-workers millionaires, thanks to Microsoft's soaring stock price.

From the start, Mr. Schussler said in a recent interview, he made it clear to management that he wanted a permanent job, known as "headcount" in Microsoft jargon. "Everyone knows headcount at Microsoft is the Holy Grail," he said.

But his managers repeatedly told him that while they were eager to keep him because of his good work, they wanted to fill the limited number of permanent slots allotted them with the scarcest commodity in high tech: programmers.

Sharon Decker, director of Microsoft's Contingent Staffing Group, defended the company's use of temps, saying that many would rather be temps than permanent employees.

"There's a recognition that this kind of free-agent approach is growing—people want to be able to negotiate their own employment," she said. "These workers like the flexibility. They like the ability to work for six months and then go skiing."

Managers argue that using temps is ideal for the modern market's demands for efficiency and flexibility. Many employees say it dovetails with their desire for independence and for stimulating challenges.

Peg Chelrett, president of the Wasser Group, which supplies temps to Microsoft, said using temps in a volatile industry was humane because they had no false expectations. "When people know it's a temporary arrangement," she said, "some day when the assignment ends, there's not a sense of a broken trust."

Ms. Decker asserted that many temps earned more per hour than regular workers—an assertion many temps challenge. Temps may earn \$18 an hour as testers and \$50 an hour as bot-shot programmers.

China Finds 'Irregularities' In Statistics

Agence France-Presse

BEIJING — The State Statistical Bureau last year uncovered more than 60,000 "irregularities" in data supplied by official agencies or businesses, the People's Court Daily reported Monday.

In 57 percent of cases the figures were deliberately falsified, incomplete or distorted.

In 18 percent of cases official bodies refused to provide figures or sent them in late.

In remaining cases the statistics were exaggerated through inexperience or a lack of external checks, the bureau said.

"These matters will be treated seriously," the bureau said. "Those who falsify statistics to obtain rewards or promotion will be severely punished."

In January, a Chinese vice prime minister, Zou Jiahua, warned against the fabrication of statistics.

Mr. Zou said the current data collection methods could not keep pace with the needs of a socialist market economy and urged "exact, complete, practical and timely" data.

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Athens, Greece

The Charitable Foundation "Henry Dunant" with registered office in Athens, Greece (23, Lyka vittou Street), invites all firms or companies (Tenderers), local or international, to submit their Tenders for carrying out all pre-installation drawings and data, supply, installation, testing of medical and hotel equipment, for the newly built Hospital in Athens. The Hospital, with overall capacity of 443 beds of both in-patient and Out-patient Wards, covers all Pathology and Surgical specialties and includes a Special Care Unit, an Intensive Care Unit, as well as a department of One-Day-Clinics. The hospital equipment is divided into:

- ICU-SCU equipment
- Operation Theatres equipment
- Laboratories equipment
- Medical devices equipment of clinics and departments
- Sterilization devices equipment
- Equipment of the Diagnostic Imaging and Ultrasounds department
- Catering devices equipment
- Laundry equipment
- Hotel equipment x. IT equipment

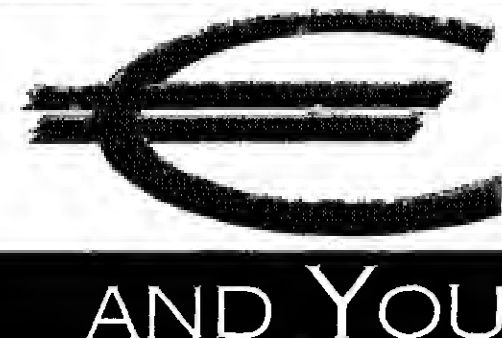
refer to all or part of the above equipment divisions and include full documentation regarding functional and financial tasks. Each Tenderer may obtain a complete set of Tender documents from the offices of the Foundation at 23 Lykavittou Street, 10673 Athens, Greece and submit the Tender to the same address. Successful Tenderers shall receive in due time a "Notice of Acceptance" by the Foundation. Should further information be necessary, please contact:

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The International Herald Tribune will produce a Special Report on May 2, on

EUROPE, THE EURO



ON MAY 2, European Prime Ministers and Finance Ministers will meet in Brussels to set the seal on one of the most daring and far-reaching monetary experiments in history — European economic and monetary union. At that meeting, up to 11 nations will be selected as founding members of EMU and they will agree to replace their national currencies with a single, new currency — the euro — and hand over their monetary policies to a new European Central Bank.

It will happen gradually, with the transition beginning on January 1, 1999, and completed by 2002. The move will further consolidate Europe's single market, allowing nearly 300 million consumers to buy goods and services anywhere they please, paying with the new currency.

This Special Report will bring together the following IHT correspondents to offer you the most up-to-date and useful news, background and analysis on this extraordinary new turn in European history:

Tom Buerkle
Joseph Fitchett
Alan Friedman
Carl Gewirtz
Barry James
John Schmid
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Whatever one's views, the reality of economic and monetary union beginning in January is apt to set in motion a new dynamic that contains surprises for everyone.

You have heard a lot from the politicians, but to help you get your own, independent grip on Europe's new reality, don't miss this Special Report on May 2, the day the crucial summit gets under way.

For a complete synopsis and information on advertising, contact your local representative or Bill Mahder at the IHT in Paris at: +33 1 41 43 93 78; fax: +33 1 41 43 92 13 or e-mail: supplements@iht.com



THE WORLD'S DAILY NEWSPAPER

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INTERNATIONAL

Foreign Companies Flock to D.C.

Many Firms See Washington Area as an Ideal Business Capital

By Martha M. Hamilton
Washington Post Service

WASHINGTON — Despite impressive evidence that the capital of the United States is not the center of the universe, for a growing number of companies based in other countries, the capital region has become the center of U.S. operations.

Companies ranging from Japanese breadmakers to Dutch software-applications firms to European aircraft manufacturers have chosen the area around the American capital as their U.S. or North American headquarters.

Although there is no definitive list of such companies, Maryland's Office of Economic Development estimates that there are 150 in that state alone.

In some cases the choice was predetermined: a foreign corporation acquired a company that already had roots in Washington. But in many other cases it was an active choice, with the Washington area beating out other locations — including New York City and California's Silicon Valley — for reasons as practical as proximity to customers or as ineffable as the quality of life.

Land Rover North America Inc., the North American arm of the British manufacturer of luxury sport vehicles, chose

Maryland over New Jersey about 12 years ago.

"First of all, we wanted to be on the East Coast for the time zone, and we wanted a good port of entry for our vehicles," said Joel Schaffer, the company's vice president of finance and administration. "We also wanted good airports, infrastructure, reasonable office rents and housing."

Shimadzu Scientific Instruments Inc., a subsidiary of the Japanese science-and-technology firm Shimadzu Corp., moved to the area in part because it had a distributor in Silver Spring, Maryland.

But the real attraction was the density on the East Coast of environmental labs, pharmaceutical manufacturers and other potential customers, said Gerry Carder, vice president for human resources and administration.

Shimadzu is in a corridor that has pharmaceutical manufacturers to the north in New Jersey and the National Institutes of Health to the south.

Baan Co., a fast-growing, Dutch software-applications and consulting company, is a relative newcomer, just breaking ground in Loudoun County, Virginia, for what it describes as one of its "dual corporate headquarters." The other is a renovated 400-year-old castle

in Putten, Netherlands.

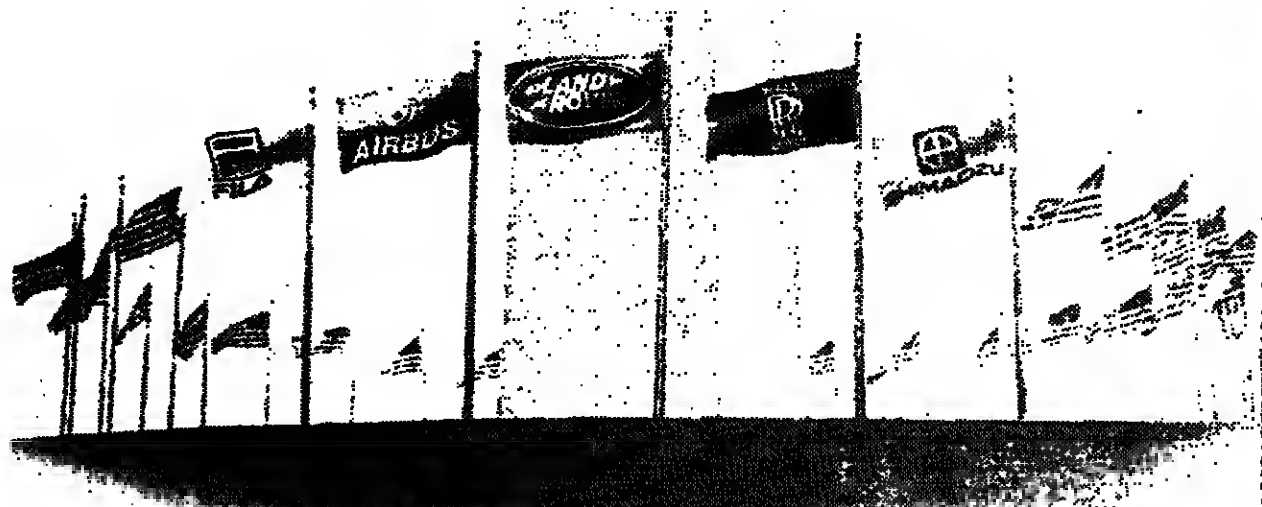
Baan bought 281 acres (112 hectares) for \$13 million. The site is a historic property named Janella Farm that includes a three-story Normandy-style manor house that once belonged to the artist Vinton Pickens. Baan plans to restore the manor house and build a campus around a lake. About 1,000 people will work there.

The site in Loudoun County — 15 minutes from Dulles International Airport — provided a work force that was more attractive than that in Silicon Valley, said Kevin Calderwood, the company's president.

"The employee base here has much more loyalty than the employee base in the Silicon Valley," he said. "There are so many little start-ups and so much opportunity there that people jump almost on a monthly basis. The demand far exceeds the supply."

Airbus Industrie moved its U.S. headquarters to the Washington area from New York in 1987. The European aircraft-building consortium had operated with about two dozen employees out of high-priced real estate in Rockefeller Center in Manhattan.

"At the time, Airbus was planning to expand in a number of ways in North America to be a stronger player in one of



the largest airplane markets in the world," said David Venz, Airbus's vice president for communications. "We wanted to stay on the East Coast because of the time link with Europe, we wanted to be in an area where there is excellent air transportation, and we wanted an area that would be attractive for current employees and other employees we wanted to bring on the payroll."

Airbus now has about 160 employees at its headquarters in Herndon, Virginia,

and its spare-parts facility near Dulles.

Mr. Venz said.

Rolls-Royce Inc., the British manufacturer of aircraft engines and engine parts, has its North American headquarters in Reston, Virginia, having moved to the area from Greenwich, Connecticut. The move was made in 1990 because of "our increasing involvement with U.S. government programs and the fact that a significant number of other airframers such as Boeing and other companies like that had a significant

presence in Washington," said Robert Baugniat, vice president of corporate communications. "They are our customers."

Some companies in the region were originally home-grown and then acquired by foreign companies. Vie de France was born about 25 years ago at a time when good bread was in short supply in the Washington area. In 1991, Yamazaki Baking Co. of Tokyo acquired Vie de France's food-service division, adding its restaurant division in 1994.

Q & A / Alberto Vitale

Veteran Publisher Views a New Boss

The Bertelsmann media conglomerate of Germany stunned the publishing world last week by agreeing to buy Random House Inc., which was owned by the Newhouse family of New York. Bertelsmann will merge its Bantam Doubleday Dell subsidiary with Random House to create the world's biggest trade book publisher. Alberto Vitale, the Random House chairman and chief executive, who will be named as chairman of a new supervisory board after the merger is completed, discussed the deal with Alan Friedman of the International Herald Tribune.

Q. This merger will create a publishing group with around \$1.7 billion of annual revenue. How will it affect Random House?

A. I don't know that it will affect Random House in any way because what they have bought is our imprints and the publishers and editors, our back list and our capacity to attract the best books around. And Bertelsmann is a good owner because they respect publishing autonomy and editorial independence.

Q. But it will create a monolith that some analysts estimate will account for a quarter of the trade publishing market in the United States. That has to have some impact.

A. The combined company will have about 10 to 15 percent of the U.S. market. Remember, this is a very large industry where the perception is mainly that of a few big houses like Random, Doubleday, Viking and Simon & Schuster. But there are thousands of houses that make up the bulk of the business.

I should point out that while our sales have been growing in the last few months, our market share has been declining because with the advent of superstores that carry 150,000 titles each, they are carrying many more titles from many publishers. Random House's share was about 8 percent before the deal.

Q. What will it mean for Bertelsmann?

A. It is not so much what it will mean, but what is Bertelsmann's strategy. The reason why this deal happened is because Advance Publications is at a generational turn-over. It is not so much what it will mean, but what is Bertelsmann's strategy. The reason why this deal happened is because Advance Publications is at a generational turn-over.

My point, and S.I. Newhouse is over 70. He and his family are thinking of the future and they have decided from a strategic point of view they want to concentrate on magazines, business journals, cable and new media. At the same time Bertelsmann decided that books are a core area for their company. They already have 25 million members of book clubs worldwide, they have made a commitment to go to on-line commerce, and so they have decided this is a major commitment for them.

Q. One hears frequently about other firms being for sale. Might other consolidation follow?

A. It is known around town that the academic textbook part of Simon & Schuster is for sale. One hears other rumors. I would say it is very possible that other consolidation will follow.

Q. But what will happen to the various imprints inside Random House?

A. They are not going to be touched or affected because that is what Bertelsmann has really bought. When you buy publishing, you don't buy machinery or buildings. You buy talent and intellect, and if you tamper with that, you are tampering with major assets, and these are assets that go home every night.

Q. Yet with a giant like this new group, isn't there the risk of authors facing an even more impersonal corporate bureaucracy than they already complain about?

A. That is pure unadulterated nonsense because we will remain a multiplicity of publishing imprints and houses. Knopf, for example, is a group itself with Pantheon, Vintage, and Everyman. It is through these imprints that we give tender loving care to our authors.

Q. Another fear of many authors and literary agents is that this merger will reduce competition and therefore the size of book advances. How do you respond to that? Have many agents called you?

A. They haven't called me, but they have called my associates, and they have complained a bit and said there will be less competition for books, which is also nonsense because the imprints are the Bantam Doubleday and Random House under the same roof, surely competition will be reduced.

Q. Yes, but with Bantam Doubleday and Random House under the same roof, surely competition will be reduced.

A. It won't reduce competition but it may reduce some of the crazy bidding, although there are still plenty of bidders out there.

Q. You have paid high prices for some books, such as the flop by President Bill Clinton's former adviser Dick Morris.

A. Our business is a crapshoot business. I remember when I bought the Colin Powell book, everyone made noises and made faces, and by the time I published it, everybody said it was hot. And it earned.

Q. What will happen to your own role at the new group? Peter Olson of Bertelsmann will take over as hands-on chairman and chief executive and you will be chairman of the supervisory board. What does that mean?

A. Who knows? It will all depend on the level of working congeniality with the new chief and his working group. The supervisory board is a Northern European concept, used especially in Germany. In this particular case, it will be more of a strategic and advisory board worldwide. But I have a lot of experience with the new owner, having been at Bantam Doubleday from 1975 to 1989, and from 1979 on Bantam Doubleday was owned by Bertelsmann.

GET YOUR MIND
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PARIBAS

It is said that Leonardo da Vinci once held a sphere of very thin glass above a floor of solid stone. When he dropped it, the sphere fell two meters without breaking. How did he do it?



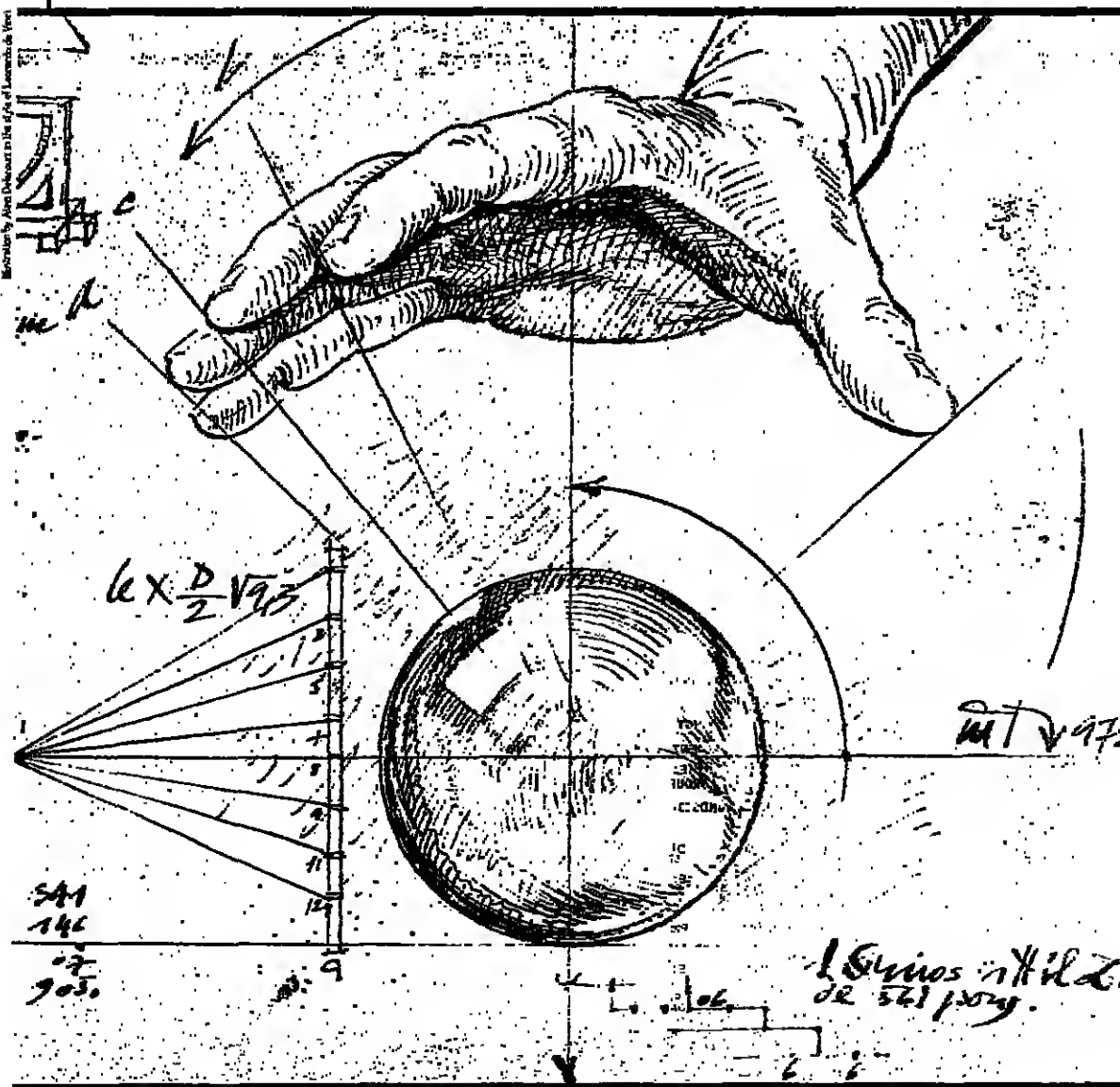
fig. 1

The law of gravity has not been discovered. But it still applied.



fig. 2

No props allowed.

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The mention of impact brings us neatly back to Leonardo da Vinci and the problem posed above which illustrates perfectly the critical importance of timing. At the 2.999 meter mark, the sphere is still falling, and is still perfectly intact. It is only at 3 meters exactly, without anticipation and upon impact with the ground, that the sphere finally shatters. <http://www.paribas.com>

 PARIBAS Thinking beyond banking

SAUDI ARABIA

Falling oil prices across the globe made many a driver happy, but OPEC countries were hit hard in the pocket. As a result, Saudi Arabia, Mexico and Venezuela have agreed to limit oil production in an effort to correct the market. At right, the city of Jeddah glows in the dark.



NATIONAL AIRLINE RENEWS ITS FLEET

Saudia is the largest carrier in the Middle East.

Saudi Arabian Airlines (Saudia), the national airline, is approaching the millennium with a new color scheme and a \$7.5 billion fleet renewal.

The airline's already extensive maintenance and training facilities are also the subject of major investment, and an estimated \$600 million is going into a new hangar and other facilities for the 61 new aircraft.

The elegant new cream, white and gold aircraft colors and turquoise and blue logo, which shows Saudia's traditional palm tree and crossed swords, were launched in mid-1996. The five-year, \$30 million refit covers not only Saudia's aircraft but also ground service vehicles, offices, ticketing and more.

The aircraft deal — one of the largest in aviation history — was concluded with the Boeing Company and McDonnell Douglas Corporation in 1994. It includes the supply of 23 Boeing 777 aircraft, five Boeing 747-200s, 29 MD-90s and four MD-11 freight aircraft. First deliveries are scheduled for this year. Saudia's existing fleet has 113 aircraft.

Saudia has come a long way since U.S. President Franklin Roosevelt presented King Abdul Aziz bin Saud, the founder of modern Saudi Arabia, with the Dakota aircraft that was the foundation of the airline. It is now the largest carrier in the region, with 11.6 million passengers annually (3.8 million international passengers and 7.8 million domestic ones), serving more than 50 countries.

In January 1997, the airline formed a partnership agreement with United Airlines of the United States to offer a Jeddah-New York service that connects with United's domestic service to Los Angeles.

Saudia has come a long way since U.S. President

Franklin Roosevelt presented King Abdul Aziz bin Saud, the founder of modern Saudi Arabia, with the Dakota aircraft that was the foundation of the airline.

Both Saudia and the country's airports are earmarked for privatization. Funding for the fleet expansion, however, is following the more traditional route of government borrowing. In January 1998, the government signed a \$4.5 billion loan with a group of banks in what was the kingdom's first international "sovereign" borrowing since 1991. The balance of the funding is expected to come from domestic sources (e.g., commercial banks, government bonds).

There are other financial constraints on the airline's privatization. Saudia's domestic routes have been invaluable in shrinking distances in a large country. They now serve 24 destinations, but they carry a subsidy element that weighs heavily on the airline's budget. The airline has also been involved in long-running discussions on debts to local banks that are only now being resolved. Airport privatization is also at an early stage, though a contract has been signed for the operation and maintenance of King Abdul-Aziz International Airport in Jeddah.

Liz Freeston

OIL PRICES, IN FLUX, REQUIRE SAUDIS TO TIGHTEN THEIR BELTS

Saudi Arabia is on a strict budget to cope with a temporary setback in its revenue earnings. The recent agreement to limit oil production should help.

Although Saudi Arabia is one of the most influential oil economies in the world, the Saudis are tightening their belts. Oil prices have reached their lowest levels in almost four years: just over \$11 a barrel, the latest price fixed by the oil producing countries. In an effort to push prices up, the OPEC countries agreed earlier this month to cut production by up to 2 million barrels a day. This was the result of discussions among Saudi Arabia, Mexico and Venezuela about overproduction. Last November, the OPEC price was \$18 a barrel. The organization hopes its latest move to cut surplus production from 27.5 million barrels a day will force up the price of oil.

Whether or not it will have any effect remains to be seen. In any case, Saudi Arabia's economic situation in the near future will be tight. The country is likely to ask the United States for a contribution toward the exceptional costs of the latest military operation to safeguard Kuwait and the attempt to bring Iraq to heel over weapons inspections.

In 1991, operation Desert Storm to free Kuwait from Iraqi occupation cost more than \$50 billion. This year's exercise, according to some military observers, has already cost 10 percent or more of that figure.

Contrary to the normal rules, world oil prices failed to rise with the prospect of war in the Middle East. In fact, the exact opposite has occurred. Saudi Arabia, which provides 25 percent of the world's oil, is in the middle of a downward oil price spiral: revenues are expected to fall sharply during the first quarter of the year, to \$10.2 billion. According to the Centre for Global Energy Studies in London, this compares with \$12.6 billion during the final quarter of 1997. The center sees little chance of improvement in the coming months.

Rethinking the budget

Shortly before the U.S.-led military buildup in the Middle East began in earnest at the start of the year, King Fahd bin Abdul Aziz Al-Saud, Custodian of the Two Holy Mosques,

announced an expansive \$52 billion budget, with estimated oil revenues for 1998 of more than \$47 billion. This, he said, would leave a slightly larger deficit of \$4.8 billion, compared with the previous year's \$4.5 billion. The 1996-97 budget had benefited from higher than expected oil revenues, the "windfall" money that had helped to pay off the Desert Storm debts.

The slump in world oil prices and overproduction by the OPEC group — now at more than 27 million barrels a day — might force the Saudis to rethink their budget spending, already set at more than \$52 billion (8 percent above 1997's budget). The kingdom is beginning to feel the pinch. The current budget anticipates revenues (about 90 percent from oil) of \$47 billion, against current predictions of a little over \$40 billion.

At a recent meeting of OPEC oil ministers, Ali Naimi, the minister of petroleum resources and minerals, said he had decided to reduce production by 300,000 barrels a day. This will impose considerable restraints on the government.

Shrinking sector

Henry Azzam, chief economist of Saudi Arabia's National Commercial Bank, expects the oil sector to shrink for the first time in four years. In the bank's latest economic bulletin, he estimates a 15 percent drop in oil revenues compared with 1997. Every dollar fall in the Saudi projected oil price means a loss of \$2.5 billion to the treasury.

King Fahd announced in his budget that some \$2.4 billion would be spent on new projects: schools and colleges, general utilities (water, irrigation and power generation) and health care. About half of the budget goes to the civil service, the kingdom's biggest employment sector — a sacrosanct area, along with defense. Although defense expenditure is rarely identified in any detail, it is thought to represent about one-third of the budget.

Thus the kingdom is caught between a rock and a hard

place, with falling oil prices and a population that is increasing at a rate of 3.5 percent to 4 percent a year. This means the kingdom must find 200,000 jobs a year, many of them in the civil service. To cut, or even to freeze, salaries would be courting possible unrest.

One possible solution might be to put some of the projects on hold. Another might be to borrow on the international market.

Non-oil earnings

The government has made continued efforts to promote the non-oil sector, which now accounts for about 10 percent of revenue earnings.

Exports of agricultural products to other parts of the region have been rising, and there are healthy exports of manufactured goods, including air-conditioning equipment, spare auto parts and electrical goods.

In addition, much discussion has taken place about privatizing and allowing foreign investment in the downstream oil sector and in new utility ventures. This appears to be happening only in the telecommunications sector.

The Royal Commission for Jubail and Yanbu (RCJY), which was established 23 years ago to build the twin industrial cities of Jubail and Yanbu, has devised a plan to set up the Utilities Company (Uco). The government hopes to launch it as a joint stock company with an initial capital of \$500 million. About 20 percent of the stock might be allowed to go to foreign investors.

The current economic climate notwithstanding, the long-term prospects for greater industrialization, increased power generation and a boost in the manufacturing industries cannot be lightly dismissed. Although there is a slump in oil revenues now, the Royal Commission continues to fly the foreign investment opportunity flag in a land blessed with outstanding geography and geology.

Michael Hanson

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THE POWER TO PROVIDE

هكذا من العمل

SAUDI ARABIA

THE BANKING AND FINANCE SECTORS HOLD THEIR OWN

Banks are now less dependent on the government and hence on oil prices.

Saudi Arabia's banks have posted healthy results for 1997. The 11 commercial banks had combined profits of 6.55 billion Saudi riyals (\$1.75 billion) — up from 5.72 billion riyals in 1996 — although individual profits varied widely, from a high of 33 percent at Al-Bank Al-Saudi Al Fransi to a low of 7 percent at Arab National Bank.

Investment and service activities provided the best returns and offset a general decline in interest income. The decline followed a slow demand for credit, as the government took advantage of high oil revenues in 1996 and 1997 to repay contractors and suppliers, enabling them in turn to liquidate overdrafts.

The current flux in oil prices has changed prospects for government revenues in 1998, but the banks are still confident of a good year. The chief economist at Saudi American Bank (SAMBA), Kevin Tackler, believes the Saudi economy is better placed to cope with the current downturn than it was during the last oil price decline (1993-94). "In comparison with 1993-94, Saudi Arabia is in much better shape to meet the challenge," he says.

"Then, we were much closer to the war payments and large loans; they have now gone, and the budget is much more under control."

Mr. Tackler says the private sector is healthier now and that diversification has made private business less dependent on the government and hence on oil prices. He points out that in the last two years, as the government has cleared up its payment arrears, loan balances have declined, leaving banks with fewer bad-loan problems.

Moody's Investors' Service of the United States supports his view. In its latest survey of Saudi Arabian banks, published in December 1997, Moody's notes, "The Saudi banking market has been performing well for several years and is reasonably mature. It no longer contains a large number of banks... still recovering from problems."

Moody's highlights three pillars of credit for Saudi Arabian banks: lending to government projects and parastatals, lending to the local private sector and retail lending. The report suggests that the first of these is secure but offers low margins, while spreads on the second are thin — making it hard to earn good

returns unless lending is enhanced by other business. The third, retail lending, is identified as the road to growth, with high margins on loans and a low cost for funds.

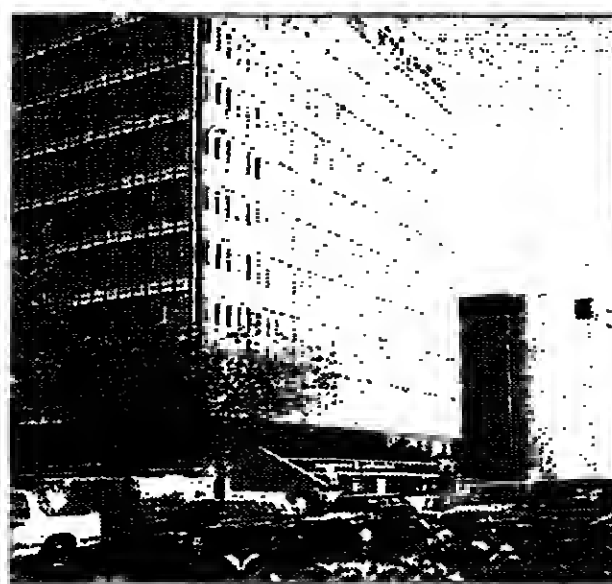
Moody's points out that retail banking is already quite developed in the kingdom. Automatic teller machines and telephone banking, for example, were introduced about a decade ago. An increasing number of young Saudis are financially independent, which could translate into enormous growth in the banking sector.

Overall trends for the sector are promising. Saudi Arabia is becoming an increasingly "banked" rather than a cash economy. This provides the basis for continued deposit growth, while privatization and other liberalization measures are opening more sectors of the economy. A decline in government revenues because of the oil price drop can be expected to propel this process forward.

The banks also enjoy strong protection. The only foreign banking presence allowed in the kingdom is through joint ventures with local banks. The nine Saudi Arabian banks that have taken this option have gained easier access to modern technology and banking practices.

The banks also benefit from their role in the Saudi Arabian stock exchange, in which they have a share-trading monopoly. Since 1990, the banks have been served by a sophisticated electronic share information service (ESIS), and share turnover has grown rapidly. Turnover for 1997 reached 62 billion riyals, a 144.36 percent increase over the 1996 figure and a more than fourteen-fold rise since 1990.

Ten of the 11 commercial banks have domestic mutual



In Riyadh, the headquarters of the Saudi American Bank (SAMBA).

funds that invest in local equities. A significant step forward occurred in April 1997, when SAMBA was given official approval to launch a London-based mutual fund, the first time foreign money has been allowed into the stock market. Other banks are now expected to follow SAMBA's example.

SAMBA itself is moving ahead with an "Invest in Saudi Arabia" exhibition planned for the United States and Canada in 1998, with visits to Europe, Southeast Asia, the Far East and Australia to follow later. The exhibition will promote both mutual funds and direct investment in manufacturing.

Bob Eichfeld, managing director and chief executive, has been an influential force in SAMBA's development. The SAMBA exhibition is part of a wider process of opening the Saudi Arabian economy to the world, which also involves local financial institutions' expanding their presence abroad. The commercial banks already have a considerable presence abroad and are expected to move further afield in coming years as the Gulf Cooperation Council (GCC) states open their banking sectors.

The AlBaraka Investment & Development Company (ABID) is actively involved in promoting Islamic financial services through the global network of Islamic financial institutions associated with its parent, the Dallah Al-Baraka Group. ABID was established in 1982 to invest the liquid assets of its parent group. The group is an international conglomerate with extensive interests in finance, banking, the media, manufacturing, trade, shipping, agriculture and tourism.

ABID subsidiaries are located in 29 countries and have aggregate assets in excess of \$4 billion. ABID has played a major role in developing mechanisms and instruments to bring Islamic banking and investment practices into mainstream banking worldwide. In December 1997, AlBaraka Group Chief Executive Officer Saleh Malaikah was named Deal-Maker of the Year at the inaugural Islamic Banking and Finance Forum.

In January 1998, the Dallah AlBaraka group was given permission to set up a \$590 million offshore holding company in Bahrain. The new AlBaraka Banking Group will control the group's worldwide network of Islamic banks and will open new opportunities for its global expansion. L.F.

A PETROCHEMICALS GIANT DIVERSIFIES PRODUCT RANGE

Expansion projects have already increased production significantly.

One of Saudi Arabia's industrial flagships is the Saudi Basic Industries Corporation (SABIC), which earlier this month reported improved net profits for 1997 of 4.6 billion Saudi riyals (\$1.23 billion). SABIC produces an estimated 7 percent to 10 percent of the world's petrochemicals and has become the cornerstone of Saudi Arabia's petrochemical sector since the kingdom's export program began in 1983. Outside the United States, it is the largest producer of MTBE, manufacturing 13 percent of the world's supply.

"The power to provide" is SABIC's theme for progress," says the company's last published annual report (1996). SABIC plays a key role in industrial and manufacturing diversification and is continually looking at new downstream projects in the petrochemical sector.

"We conducted more than 150 feasibility studies last year to identify downstream projects. These studies were aimed at helping the Saudi private sector to establish industrial projects using SABIC's products as raw material," said Ibrahim A. bin Salamah, vice chairman and managing director, at this month's board meeting.

Improved production and expansion schemes, which came on stream in 1997, helped to boost production from 23 million tons in 1996 to 23.7 million tons last year. World prices for several petrochemical products, such as polyethylene, methanol and ethylene glycol, had improved during the year.

Hashim A. Yamani, the minister of industry and electricity and chairman of the board of SABIC, who announced the financial results at the meeting, said that earnings rose by 4.5 percent, to \$1.176 billion, last year. Sales rose from \$6.4 billion to \$5.55 billion.

Mr. Yamani said that in order to make share trading and handling easier, the corporation's shares — which had a face value of 100 riyals — were to be split in half, so as to double the number of shares to 200 million. A total dividend payment of 2.5 billion riyals — equivalent to 25 riyals per share — was to be recommended to shareholders.

Finally, Mr. Yamani said that SABIC had achieved 70 percent "Saudiization" overall in 1997, with some companies achieving a level of up to 89 percent, and that continuing R&D was providing valuable support in developing downstream industries.

Mr. Salamah said that the corporation had strengthened its position in international markets by increased production and diversification. Three major expansion projects were completed last year. These were SAMAD, which produces PAN (phthalic acid) at SADAF (the Saudi Petrochemical Co.) and a methanol plant at AR-RAZI (the Saudi Methanol Co.).

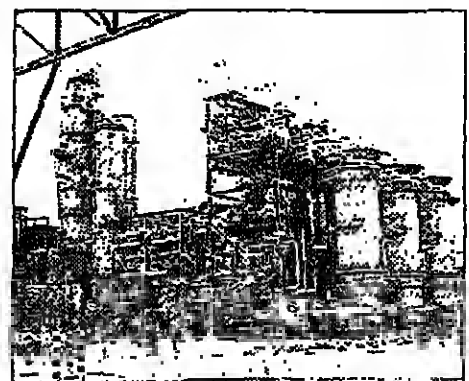
He said that SAMAD had also started commercial production of DOP (dioctyl phthalate). It is the first time that PAN and DOP have been produced in the Middle East.

"Over the next two years, several more expansion projects are expected to come on stream that will further increase our total output capacity and add to the diversification of our product portfolio," he added.

SABIC has 16 world-class plants in Saudi Arabia, plus major investments in two aluminum plants and a petrochemical complex in Bahrain.

Many of its Saudi petrochemical operations are in the twin industrial cities of Yanbu and Jubail. These are giant industrial parks, probably among the largest in the world, established by Royal Commission at the end of the 1970s.

Apart from the petrochemical complexes,

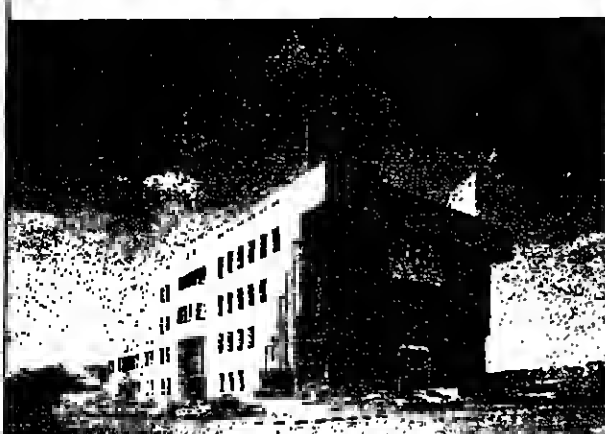


"The power to provide": one of SABIC's affiliates.

SABIC also runs the wholly owned HADEED (iron and steel mill), which is the largest producer in the Gulf region. HADEED manufactures more than 1.2 tons of steel bars, rods and reinforcing products for the construction industry. Its bar mill is one of the largest in the world. Much of the production is bought by the domestic market, and the remainder is exported to other Gulf countries.

M.H.

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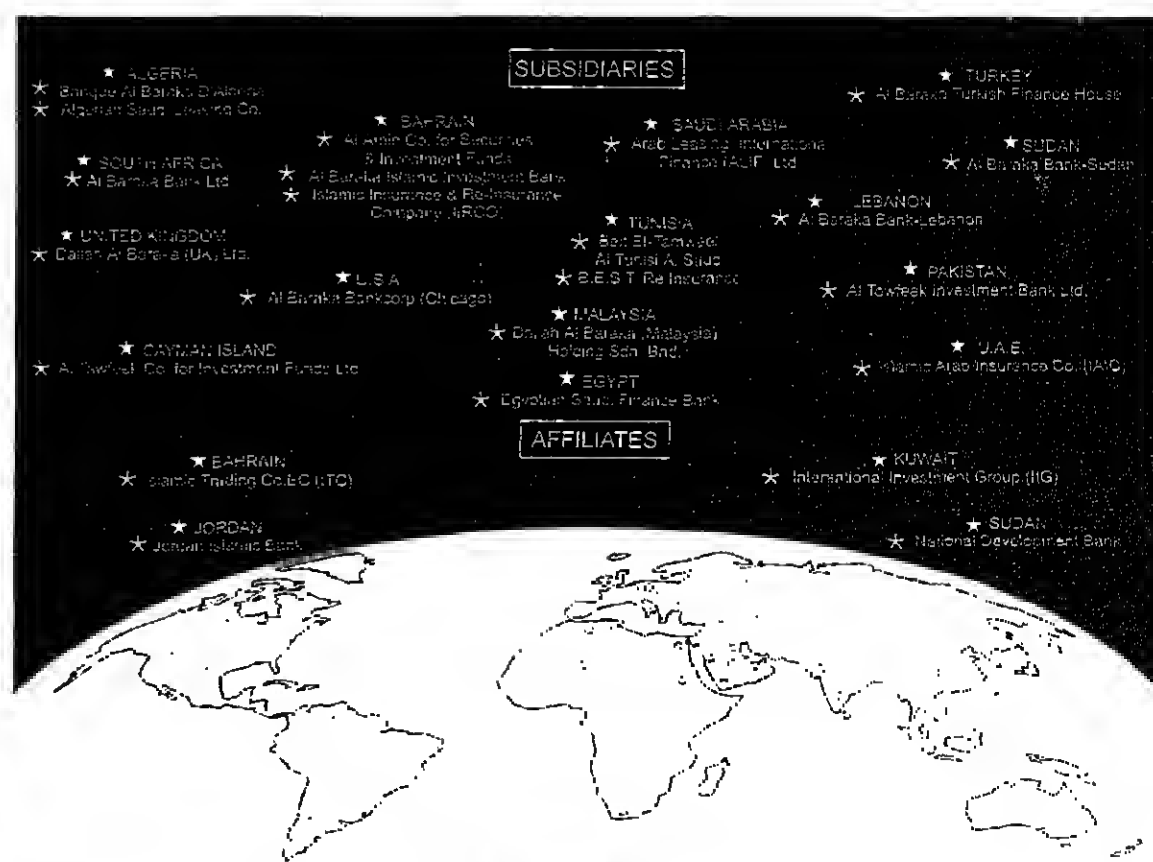
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in Africa, the Middle East, Asia, Europe and North America.

The combined assets of the ABID subsidiaries, including funds under management, reached US\$ 4.4 Billion, at year end 1996.

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SPONSORED SECTION

SAUDI ARABIA

IMPROVED TECHNOLOGY
CREATES CLEANER FUELS

The focus is on better refining capacity for converting crude oil.

Five years ago, Saudi Arabia began a \$15 billion expansion and upgrade of some of its refineries. The project was scaled back, however, following the 1993 merger of Samarec, the refining and marketing organization, and Saudi Aramco, the state oil conglomerate. The objective was to improve production capacity of refined products. The project also aimed to increase the added value of huge recoverable oil reserves, which amount to about 260.8 billion barrels — the largest in the world. In addition, the kingdom is the biggest oil producer and exporter.

Daily production today is in excess of 8.7 million barrels, but there is surplus capacity that could easily be switched on to provide more than 1.5 million extra barrels a day. The former oil minister, Sheikh Zaki Yamani, estimates that it costs \$100 million a year to maintain that extra capacity.

Although the capital expansion program for the industry has been cut back, improvements to the great Ras Tanura refinery, one of the biggest in the world, have been going ahead and should be completed later this year. A \$1.8 billion project to upgrade the Rabigh refinery, Saudi Arabia's third export refinery (operated by the Greek-owned company Petrolia), has been delayed again.

Because of world environmental demands for cleaner fuels — particularly in the United States and Europe — Saudi Arabia, along with Kuwait and the United Arab Emirates, has been installing more sophisticated technology for converting crude oil, much of it as unleaded gasoline. In the oil boom days of the 1970s, little attention was paid to developing and improving refining capacity. At that time, the focus was on pumping more and more crude.

With a massive surplus in oil production and falling oil prices over the last four to five

years, the attention has once again turned to the downstream side of the industry. Saudi Aramco has taken steps to increase refining capacity overseas by buying plants in the United States, Western Europe and Southeast Asia. Thus it now has a total refining capacity of about 2 million barrels a day, equivalent to today's domestic capacity.

While current oil production is officially limited by the OPEC group to 27.5 million barrels a day, Saudi Arabia has been pushing to increase its quota above the 8.5 million mark. It needs to generate volume sales to help meet revenue targets.

At a recent meeting of oil ministers, however, the government did an about-turn and agreed to cut production by 300,000 barrels a day. Nevertheless, an additional production capacity of 500,000 barrels a day is expected to become available later this year, when the new Shayba field comes on stream, but this may be offset by reducing production from some of the older fields.

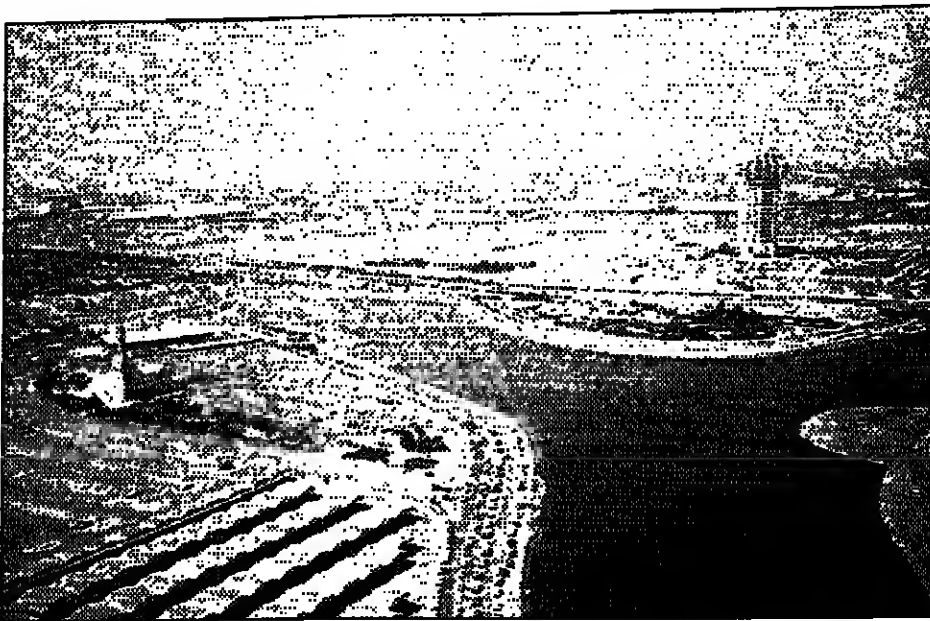
These are difficult times for OPEC, which during the last few weeks has been in disarray over its quota policies. In the past, Saudi Arabia has acted as "swing producer" to maintain the balance within OPEC, but this is no longer the case.

"We have abandoned once and for all the role of swing producer," said Ali Naimi, minister of petroleum and mineral resources, to the Saudi Press Agency earlier this month. "Moreover, we have established long-term strong and reliable relationships with many customers in all parts of the world, which we cannot abandon."

With extra production capacity ready to be switched on at the turn of a valve, Saudi Arabia could be preparing to go it alone rather than see other OPEC producers — to say nothing of the potential of Iraq — flooding the market and breaking the cartel's own agreements. M.H.



Ali Naimi, minister of petroleum and mineral resources.



Ships leaving this tidy and very productive port may well be destined for all corners of the globe.

SHIPPING GOES INTERNATIONAL

Saudi Arabia has goods to move — and an increased capacity to move them.

Times are changing for Saudi Arabian shipping. First, Saudi ports are being privatized. Second, Middle East services, long seen only as an offshoot of Asian or European lines, are attracting stronger interest from international shippers.

The major alliances that dominate world shipping have been expanding their services to the region, and the National Shipping Company of Saudi Arabia (NSCSA) has been expanding along with them. Already one of the world's largest operators of roll-on-roll off (ro-ro) container vessels and a major player in the specialist carrier market, NSCSA is now expanding both its fleet and its route network. It has expanded links to Northern Europe and the Mediterranean, made changes in its North America-Middle East links and introduced a direct line from Singapore to the Arabian Gulf.

NSCSA is moving into crude oil transportation with the purchase of five very large crude carriers (VLCCs), which will boost its aggregate VLCC capacity to

10.5 million barrels. The company also has three container vessels under construction by South Korea's Samsung Heavy Industries. The 4,400-teu (20-foot container units) vessels are due for delivery in 1999.

The company's 80 percent shareholding in the National Chemical Carriers Company, which operates 14 vessels, makes it the world's second-largest chemical carrier.

Keeping pace NSCSA's growth coincides with the rapid expansion of the oil petrochemicals sector and the steady growth of other industry. Government leaders recognize that Saudi Arabia's success in world markets depends on its ability to move its products efficiently.

The government is also taking steps to improve the competitiveness of Saudi Arabia's six commercial and two industrial ports, which have shown impressive growth since the establishment of the Saudi Seaports Authority (Seapa) in 1976.

Seapa has invested 30,000 million Saudi riyals (\$3,000

million) to increase the number of berths from 31 to 183.

The ports now handle more than 86 million tons of cargo annually and generate profits of \$150 million, while productivity has risen to 1,550 tons daily (v/d) from 489 v/d in 1976.

The growth of Saudi ports has taken place in isolation, however: neighboring states have also been investing heavily to expand their port capacity and quality. Acting on recommendations from Seapa, the government is encouraging private sector investment in the ports in an effort to raise productivity and improve competitiveness.

Private companies can now take out 10-year leases for the operation, maintenance and management of ports. In the process of a transfer to private management are the King Fahd Repair Yard, the bulk terminals, and ro-ro and passenger ship facilities at Jeddah Islamic Port; the container terminal at King Abdulaziz Port; the bulk terminals at Dammam; and the bulk terminal and cargo terminal in Jubail.

MANUFACTURING, A
GROWING INDUSTRY

Look for the "Made in Saudi Arabia" label.

Ice cream, pharmaceuticals and steel structures are not items usually associated with a major oil-producing nation. But Saudi Arabia's small and medium-sized manufacturers are coming to the market with an increasingly wide range of products.

Although manufacturing is a very small sector compared with Saudi Arabia's massive oil sector or its rapidly growing petrochemicals industry, local manufacturers are finding a valuable place in both domestic and export markets.

The industrial sector now has 2,400 enterprises, compared with just 200 in 1980, and investment stands at 157 billion Saudi riyals (\$418.67 million). Some 70 percent to 75 percent are joint ventures with international companies. Chemicals and plastics make up 64.3 percent of the total, and building materials (13.1 percent), fabricated metals (8.7 percent) and food and beverages (5.8 percent) also make a solid contribution. The manufacturing industry is growing at a healthy 4.3 percent a year.

The Ministry of Industry and Electricity is supporting the sector by establishing industrial parks. The first three were built in Riyadh, Jeddah and Dammam as far back as 1970, and the network has gradually expanded throughout the country.

The Royal Commission for Jubail and Yanbu also operates two major industrial areas, which focus mainly on the exploitation of gas reserves and have light industrial parks.

Visible results

The results are now obvious in Saudi markets. "Go into any market and you will find products in every category made in Saudi Arabia," says Saudi American Bank (SAB) Chief Economist Kevin Taecker.

One area enjoying rapid growth is pharmaceuticals. Until recently, more than half of Saudi Arabia's needs were imported, but sales are now worth \$750 million annually and are rising steadily. A number of new plants are coming on stream.

Riyadh Pharma (Medical and Cosmetics Products Co.) typifies the trend. Its parent company, Al Haya Medical Company (AMCO), has been a leading distributor for major international brands since 1967.

Riyadh Pharma's new 20,000-square-meter (215,278-square-foot) plant in Riyadh will produce a range of products, including hard gelatin capsules, tablets, ointments and drops, all under license from established international manufacturers.

Mr. Taecker acknowledges that the industry provides a small percentage of Saudi Arabia's gross domestic product — just 8 percent — but he is confident that the current heavy investment in new projects will ensure the sector's growth. He points out that a rapidly growing population, which is expected to double to 34 million within 20 years, provides a solid domestic market for the building and food industries.

Said Al Sheikh, senior economist at National Commercial Bank, believes that cement and metal products, which enjoy a natural advantage thanks to the availability of cheap energy, are promising areas for expansion to serve local markets. He says there has also been a growing interest in the past two to three years in promoting export-oriented industry to diversify the economy. L.F.

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PROGRAM DIRECTOR: Bill Mahder.

The National Commercial Bank — A Saudi Joint Stock Company

FINANCIAL RESULTS

(AUDITED)

BALANCE SHEET

	(S.R. '000)	(S.R. '000)
	31/12/97	31/12/96
ASSETS		
Cash and balances with SAMA	2,899,160	2,620,947
Due from banks	14,144,783	12,678,095
Trading securities	1,320,500	1,314,678
Loans and advances, net	46,290,109	38,171,072
Investment securities, net	16,863,104	20,467,240
Fixed assets, net	1,702,017	1,713,133
Other real estate	1,030,880	1,033,182
Other assets	2,187,589	2,054,241
Total Assets	86,438,142	80,052,588

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES		
Customers' deposits	61,929,185	58,004,080
Due to banks	13,919,435	11,430,821
Other liabilities	2,802,766	2,962,847
Total Liabilities	78,651,386	72,397,748
SHAREHOLDERS' EQUITY		
Share capital	6,000,000	6,000,000
Statutory reserve	1,761,695	1,500,871
Retained earnings	25,061	153,969
Total Shareholders' Equity	7,786,756	7,654,840
Total Liabilities and Shareholders' Equity	86,438,142	80,052,588

CONTRA ACCOUNTS

	87,816,418	124,192,701
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STATEMENT OF INCOME (ABBREVIATED)

Operating income	5,675,283	5,320,304
Less: operating expenses	(4,699,710)	(4,351,223)
Net Operating Income	975,573	969,081
Other income (expenses)	67,718	(54,074)
TOTAL NET INCOME	1,043,291	915,007

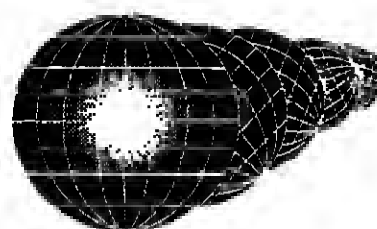
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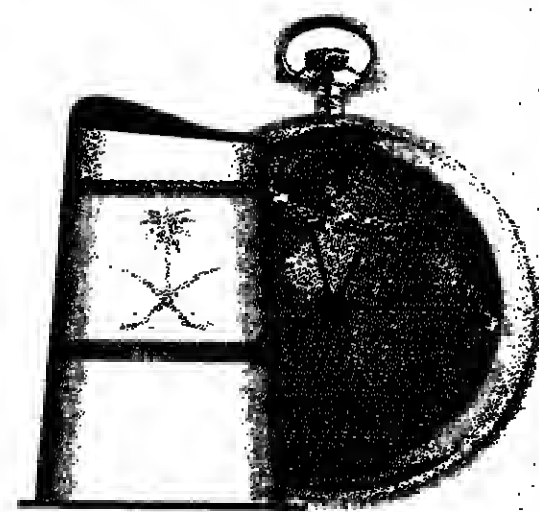
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WORLD ROUNDUP

Woman Wins Case

BOXINGAn industrial tribunal in London ruled Monday that the British Boxing Board of Control was wrong to refuse to grant a female boxer a license, rejecting the board's argument that premenstrual tension made women unstable.

The tribunal ruled in favor of Jane Couch, women's world welterweight champion, who had accused the board of sexual discrimination for refusing to grant her a license. Couch told the tribunal she missed a £163,000 (\$273,000) fight last year because of the ban and may seek damages. (Reuters)

No Tickets for Papa

SOCCER Michel Platini, the joint president of the World Cup Organizing Committee, told an English newspaper Monday that tickets for the World Cup finals in France were so scarce that he could not even get any for his father.

"All my friends and family are annoyed because they can't get tickets," Platini told the London Evening Standard.

According to the Standard, Platini senior asked for 10 tickets for the final, but received a polite "non" from his son. (Reuters)

The Splinter Remembers

BASEBALL Billy Crystal recalled when he met Ted Williams, one of his heroes. "I walked up to him at a card-signing show and told him I still had home runs I made of him striking out," Crystal said.

Crystal described the day of the game and the time at bat. Williams thought about it for a moment then nodded.

"Curvall," he said. "Low and away." (LAT)

Tyson Joins the Show

Mike Tyson felt at home in his wrestling debut. He threw a knock-out punch, turned on a one-time ally and made a lot of money like he's done in his stalled boxing career.

Tyson, who is suspended from boxing, was reportedly paid more than \$3.5 million for his debut Sunday in Boston as a "special enforcer" for the World Wrestling Federation. He stood outside the ring, supposedly to help the referee as Stone Cold Steve Austin fought Shawn Michaels at WrestleMania XIV.

After the referee seemingly was stunned after being slammed, Austin pinned Michaels. Tyson leaped into the ring and counted Michaels out. When Michaels argued, Tyson floored the wrestler with a quick right that seemed to fall short of Michaels' chin. (AP)



Mike Tyson taking a swing at wrestler Shawn Michaels, left.

Pacers Way Off Pace With Only 55 Points

All Around, a Night of Awful Basketball

The Associated Press

The Indiana Pacers set a record for pointlessness, but they weren't the only team to play badly on a day of awful performances and dull games in the National Basketball Association.

There were 12 games played Sunday, and none of them went down to the final buzzer — and only a couple even came

NBA ROUNDUP

close. Lopsided final scores were the order of the day; no game was decided by fewer than five points.

The worst performance was turned in by the Pacers, who broke the NBA record for fewest points in a game as they lost, 74-55, to the San Antonio Spurs.

"I don't know what to say," said Antonio Davis, who made his first start of the season in place of Rik Smits. "Our offense just wasn't there."

The Pacers managed only 14 points in the first quarter, 20 in the second, 12 in the third and 9 in the fourth as they broke the record low (since the shot clock was introduced in 1954) of 57 points set three times, most recently by Orlando on Dec. 4, 1996.

Indiana was without two starters as Reggie Miller also missed the game. He was serving a one-game suspension for elbowing Charlotte's Vince Davis.

You can always say that Reggie and Rik weren't here," said Larry Bird, the Indiana coach. "I felt we could get somebody to step up. Maybe our bench is not as good as I thought they were."

The Pacers shot just 27.3 percent from the field, but they did not come close to the NBA record low of 22.9 by the Milwaukee Hawks in 1954. The worst offense were the Detroit Pistons (11-40), Dale Davis (1-for-7), Travis Best (1-for-6) and Fred Hoiberg (1-for-5).

Heat 109, Rockets 77 Dan Majerle scored a season-high 22 points in 38 minutes as Miami won at home and clinched its second straight Atlantic Division title. Tim Hardaway had 16 points and a season-high 15 assists, and Alonzo Mourning outplayed Hakeem Olajuwon in a battle of two of the NBA's top centers, outscoring Olajuwon 16-15 and rebounding him 15-4.

Cavaliers 97, Hornets 82 In Cleveland, Derek Anderson scored 16 points, and Brevin Knight had 7 points and 11 assists as the Cavs won for the eighth time in 10 games and stayed in the sixth playoff position in the East.

Charlotte had won 15 of 17, but was coming off a 133-96 loss at Indiana on Friday night. The Hornets shot 29 percent in the first half to trail 52-28.

Lakers 116, Wizards 89 Shaquille O'Neal had 33 points and 13 rebounds despite sitting out the fourth quarter along with three other Lakers' starters.

The visiting Wizards (36-36) lost their third straight and fell a game behind Orlando and a half-game behind New Jersey in the race for the eighth playoff berth in the Eastern Conference.

Magic 95, Raptors 88 In Toronto, the Raptors set a franchise record for fewest points in a game and were booed off the court. "It was an awful display of basketball," said Dee Brown, a Toronto guard. "You know this team is terrible when those fans boo. They're great fans."

Bulls 104, Bucks 87 Michael Jordan continued what might be his farewell tour of many NBA arenas when he scored 30 points, many of them with flashy dunks popping throughout the sold-out Bradley Center in Milwaukee. The victory stretched Chicago's winning streak to nine games.

Hawks 118, Pistons 95 In Atlanta, Tyrone Corbin and Steve Smith scored 20 points apiece as the Hawks reached a season high in points one game after scoring a season-low 74 against Chicago. Grant Hill was ejected for arguing and said it was the first time he had ever been tossed out of a game.

Suns 106, Grizzlies 98 Cliff Robinson scored 20 points, Kevin Johnson had 15 points and 11 assists, and Danny Manning broke a 94-94 tie with an 18-foot jumper for Phoenix with just over two minutes remaining. Vancouver lost its 15th straight road game.

Trail Blazers 99, Warriors 83 Isaiah Rider had 21 points, including 14 in the third quarter, as Portland won at Golden State. Brian Grant had 19 points for the Blazers.

Timberwolves 104, Kings 96 In Sacramento, Kevin Garnett had a season-high 32 points, 14 rebounds, 6 assists, 4 steals and 2 blocks.

Clippers 108, Mavericks 86 In Los Angeles, James Robinson and Lamond Murray scored 24 points each as the Clippers snapped a five-game losing streak.

76ers 98, Celtics 94 In Philadelphia, Derrick Coleman scored 13 of his 34 points in the fourth quarter as the 76ers ended a five-game losing streak.



Tennessee's Chamique Holdsclaw, left, losing the ball to Louisiana Tech's Monica Maxwell in the championship.

Lady Vols Live 3d-Straight NCAA Dream

By Amy Shipley

Washington Post Service

KANSAS CITY — The Tennessee women's basketball team finished a perfect season in perfect style by winning its third straight NCAA title.

The Lady Vols beat Louisiana Tech, 93-75, Sunday to finish the season 39-0. Tennessee can lay claim to the finest season in women's basketball history: its record is the best ever compiled by a men's or women's team. Only one player is a senior, so all the rest could be back next year.

The Lady Vols' three straight titles set an NCAA record and equaled the championship record held by immaculate (1972-74) and Delta State (1975-77) from the days when the Association of Intercollegiate Athletics for Women ran women's collegiate sports.

"That's the greatest women's basketball team I've ever seen," said Leon Bamorne, the Louisiana Tech coach who has coached 16 seasons.

On Sunday, it was as if the Lady Vols were determined to play the best game of all time to support their claim to be

the "best team of all time."

The outcome never was in doubt, not from the earliest minutes to the end, yet the Lady Vols still managed to provide a captivating contest, one of the more fascinating blowouts you will ever see.

"It was a good game for women's basketball," said Chamique Holdsclaw, who was named the Final Four's most outstanding player. "Two athletic teams, up and down the floor, a lot of exciting plays for the people out there watching the game at home. It's women's basketball at another level."

The Lady Techsters, officially the second best team in women's college basketball, found themselves trapped in a horrible dream. They seemed so often frozen, nothing but mannequins for Tennessee's highlight film moves.

"I wasn't in shock as much as the team," Bamorne said. "I would think they were so in shock that it was hard for those kids to get over it."

The Lady Vols have won six of the last 12 championships, all under Pat Summitt. Summitt now trails John Wooden, former coach of the UCLA men's team, by four titles.

Summitt's team included two freshmen starters — including Holdsclaw, who promised to return for her senior year.

The victory margin tied the second-largest in history — Tennessee also beat Georgia by 18 in 1996. The greatest margin was Tennessee's 23-point victory over Louisiana for its first title in 1987. That was followed by championships in 1989, 1991 and 1996 through 1998.

After 7 1/2 minutes, the Lady Vols had a 15-point lead. By halftime, with the score at 55-32 — the 55 a title-game record high for a half — the only thing left was the wait.

Tamika Catchings (27 points) scored on a lob pass from Holdsclaw — only it was really a missed shot. After Catchings' shot fell, Holdsclaw (25 points, 10 rebounds) wagged her finger with her tongue hanging out of her mouth. After so many comparisons to Michael Jordan, Holdsclaw, who wears No. 23, even acted the part.

Summitt, meanwhile, paced the sidelines for no clear reason, shouting and signaling, telling her players: "Don't let up. And the Lady Vols never did."

Leonard Saves His Best For Players' Last Round

By Leonard Shapiro

Washington Post Service

PONTE VEDRA, Florida — Justin Leonard is dangerous when he's five shots off the lead going into the final round. He came from that far behind to win at the Kemper Open and British Open last summer, and that's how he prevailed Sunday at The Players Championship, shooting 67 for a two-shot victory over Glen Day and Tom Lehman.

The 25-year-old Texan also got a major assist from the signature hole of this unforgetting golf course, the 17th, which has an island green. That's where Leonard lost his closest pursuer, Len Mattiace, who was only one shot off the lead at the time and coming off a birdie at the 16th — his seventh of the day.

Mattiace hit a 9-iron exactly the way he had planned at the infamous 132-yard hole. Then he stood there with a look of terror as his well-struck ball sailed far over the green into the water.

A groan of despair came from the thousands of fans watching that shot and yet another skulled bunker shot into the lake a few minutes later. When Mattiace finally walked off a green he has played hundreds of times, he had taken what the pros call a "snowman," a chilling 5-over 8 that dropped him out of contention for his first tour title, cost him thousands of dollars and earned him the sympathy of anyone who witnessed it.

Mattiace's birdie at 18 earned him a share of fifth place and \$146,000. That was all the breathing room Leonard needed for his fourth tour victory and a check for \$720,000.

Lee Janzen led by five shots after the third round but collapsed. It started with a bogey on his first hole and finished with a 79 that left him tied for 13th at 3-under 285, seven shots off Leonard's 10-under 278.

Leonard was in full gallop almost from the start when he eagled the 526-yard second hole with a 1-iron second shot to



Justin Leonard, down 5 strokes before Sunday, ended up winning by 2.

within 12 feet. He took the lead with a 22-foot birdie putt at the 172-yard 13th, then gave himself a two-shot edge on Mattiace with a 30-footer at the 438-yard 14th. He had a four-shot lead when he came to the 17th and hit a perfect 9-iron to within 10 feet to assure the victory.

Devils Have Best Record But Can't Beat the Stars

The Associated Press

The New Jersey Devils still lead Dallas in the race for the best record in the National Hockey League. But beating the Stars on the ice is another matter.

The Stars completed a sweep of the teams' two-game season series with a 3-1 victory over the Devils on Sunday

night. Dallas had beaten New Jersey, 4-3, in overtime in their previous meeting in January. The Devils are now 45-19-9.

Greg Adams scored twice in the second period as host Dallas stopped New Jersey's four-game winning streak. Adams had scored only one goal in his previous 16 games and has missed 31 games this year because of injuries.

Red Wings 4, Sabres 2 Steve Yzerman scored two goals to top 1,400 career points and move into 12th place on the NHL career goal-scoring list as the Red Wings beat the Sabres in Detroit.

NHL ROUNDUP

TIGER WOODS U.S., 1271 points average 2. Ernie Els, South Africa, 1212.

GRAND NATIONAL, 10.53 4. Chris Lewis, U.S., 9.91

NBA PREDICTIONS, 8.9 6. Justin Leonard, U.S., 8.59

WOMEN'S DOUBLES, 8.48 8. Phil Nikolic, U.S., 8.17

ATP TOUR RANKINGS, 1. Marcelo Rios, Chile, 3,445 points

WOMEN'S DOUBLES, 1. Pete Sampras, U.S., 3,400

ATP TOUR RANKINGS, 1. Pete Sampras, U.S., 3,400

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WOMEN'S DOUBLES, 1. Pete Sampras, U.S., 3,400

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

W L Pct GB

New York 21 208 56 11

Orlando 22 205 54 14

New Jersey 23 202 53 15

Washington 24 200 52 16

Boston 25 197 51 17

Philadelphia 26 194 50 18

CENTRAL DIVISION

W L Pct GB

Chicago 27 191 49 19

Indiana 28 188 48 20

Charlotte 29 185 47 21

Atlanta 30 182 46 22

Cleveland 31 179 45 23

Detroit 32 176 44 24

Milwaukee 33 173 43 25

PACIFIC DIVISION

W L Pct GB

Seattle 34 170 42 26

Los Angeles 35 167 41 27

Phoenix 36 164 40 28

Portland 37 161 39 29

Sacramento 38 158 38 30

WESTERN CONFERENCE

NORTHWEST DIVISION

W L Pct GB

Vancouver 39 155 37 31

Denver 40 152 36 32

MINNESOTA TIMBERWOLVES

W L Pct GB

Minnesota 41 149 35 33

Dallas 42 146 34 34

San Antonio 43 143 33 35

Houston 44 140 32 36

MEMPHIS GRIZZLIES

W L Pct GB

Memphis 45 137 31 37

New Orleans 46 134 30 38

OKLAHOMA THUNDER

W L Pct GB

Oklahoma 47 131 29 39

Portland 48 128 28 40

SAN ANTONIO SPURS

W L Pct GB

San Antonio 49 125 27 41

Dallas 50 122 26 42

HOUSTON ROCKETS

W L Pct GB

Houston 51 119 25 43

San Antonio 52 116 24 44

WOMEN'S NCAA

SUNDAY IN KANSAS CITY, MO.

NATIONAL CHAMPIONSHIP

Tennessee 93, Louisiana Tech 75

ICE HOCKEY

NHL STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

W L Pct GB

New York 34 17 57 11

Orlando 35 16 56 12

New Jersey 36 15 55 13

Washington 37 14 54 14

Boston 38 13 53 15

Philadelphia 39 12 52 16

CENTRAL DIVISION

W L Pct GB

Chicago 40 11 51 17

Indiana 41 10 50 18

Charlotte 42 9 49 19

Atlanta 43 8 48 20

Cleveland 44 7 47 21

Detroit 45 6 46 22

Milwaukee 46 5 45 23

PACIFIC DIVISION

W L Pct GB

Seattle 47 4 44 24

Los Angeles 48 3 43 25

BASEBALL

EXHIBITION BASEBALL

SUNDAY RESULTS

Toronto 4, Philadelphia 1

Kansas City 7, Minnesota 5

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

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St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

St. Louis 3, Pittsburgh 2

WORLD RANKINGS

1. Tiger Woods, U.S., 1271 points average

2. Ernie

SPORTS

It's Time to Play Ball: One Big Surprise in the Predicted Finishes

Brewers (!)
The Choice
Over Cards

New York Times Service
This preview was written by Murray Chass, who lists the National League teams in the predicted order of finish.

EAST

ATLANTA BRAVES The Braves have won six consecutive division titles and start the season with three-fourths of a new infield and a new center fielder. But the starting pitchers are the same. That is all the stability a team needs. The Braves replaced first baseman Fred McGriff with Andres Galaraga, adding right-handed power. They let second baseman Mark Lemke and shortstop Jeff Blauser go for economic reasons. The only question: Can Galaraga be as productive away from Coors Field in Denver?

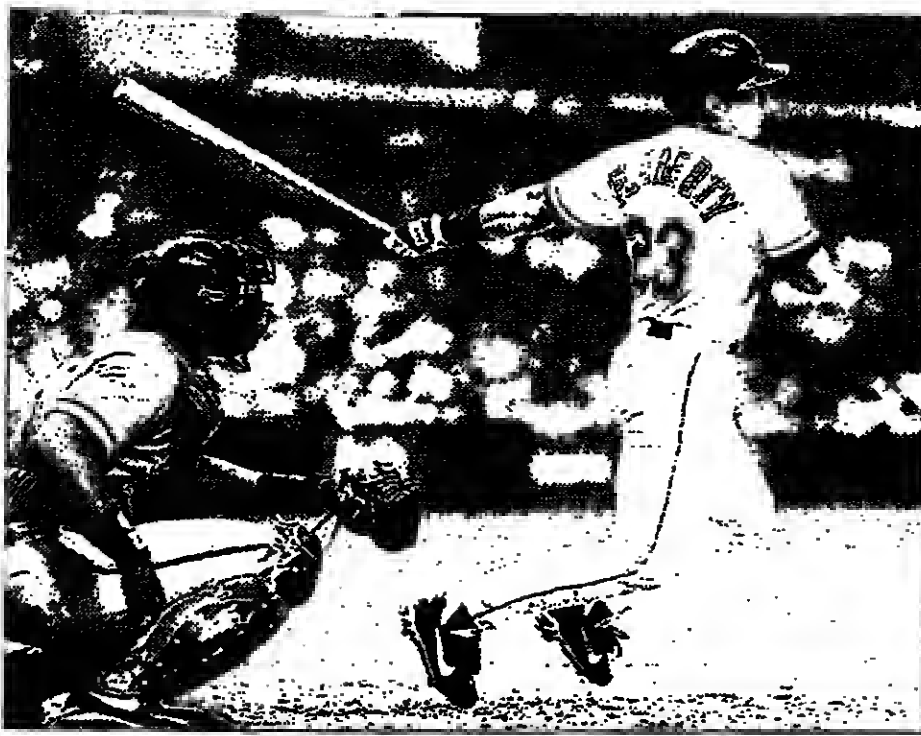
NEW YORK METS This would be the year to have a work stoppage for a few months. That way the Mets would not have to play without catcher Todd Hundley, their most productive hitter who is recuperating from elbow and shoulder surgery. Having enjoyed an improvement in their starting pitching last year, the Mets have strengthened their relief corps.

FLORIDA MARLINS They won the World Series faster than anyone else, then dismantled a World Series champion faster than anyone else. Manager Jim Leyland, for whom the dismantling is déjà vu (see Pittsburgh), points out that the team on the field is still solid; it is the pitching that will be a problem. The new staff leader is Livan Hernandez, the World Series' most valuable player. The four other starters have a combined six major league appearances.

PHILADELPHIA PHILLIES The Phillies are building with youngsters such as 1997 rookie of the year, Scott Rolen, and rookie Deshaun Alexander on the left side of the infield, Doug Glavine and Bobby Abreu in the outfield and Mike Lieberthal catching. In the meantime they need a strong offensive comeback from Gregg Jefferies, hampered by injuries the last two seasons.

Curt Schilling believes in the Phillies' future because he passed up the chance to go to a better team as a free agent, but he needs help from his fellow starters.

MONTREAL EXPOS As good as Montreal's minor league system is, it has to start running dry at some point. Six of the nine players who were in last season's opening-day lineup are gone. Only Mark Grudzielanek, Shane An-



John Flaherty of the Tampa Bay Devil Rays homering in the final exhibition game.

drews and Rondell White remain. In place of the departed are rookies such as Brad Fullmer, Javier Vazquez, Trey Moore and Carl Pavano and several players with little major league experience.

CENTRAL

MILWAUKEE BREWERS The Brewers could win a divisional championship in their first year in the NL.

Manager Phil Garner will not have trouble adapting to the NL style—run more, play for one run at a time—because he played and coached in the league.

ST. LOUIS CARDINALS St. Louis was undermined by injuries last season. This year, Brian Jordan and Tom Pagano have regained their health, but two starting pitchers, Alan Benes and Donovan Osborne, open on the disabled list.

Mark McGwire hit 58 home runs last year. With the Cardinals, McGwire hit 24 home runs in 51 games, or one every 7.25 times at bat. If he had started at that pace with Oakland, he would have hit 74 homers last season.

HOUSTON ASTROS The Astros have Craig Biggio and Jeff Bagwell, who have the second and third longest playing streaks, respectively, in the majors. But they also have a weakened starting rotation. Darryl Kile, a 19-game winner, went to Colorado as a free agent. Chris Holt and Ramon Garcia are injured.

CHICAGO CUBS In this division, anything is possible, even for the Cubs who were so uncharacteristically active this winter that they have a lot of people excited.

They filled their middle infield with Jeff Blaser and Mickey Morandini, and added what they hope will be power with Henry Rodriguez

(62 homers the past two years with Montreal).

PITTSBURGH PIRATES The Pirates' run in the division race last season will most likely produce unrealistic expectations for this year. The Pirates will not catch anyone by surprise this time.

Then again, their starting pitchers, who performed surprisingly well, are more experienced, and some players, like Kevin Young and Jermaine Allenworth, can be better if they avoid injuries that slowed them last year.

The addition of Jose Silva and Elmer Des gives the Pirates five Mexican pitchers.

CINCINNATI REDS Jack McKeon, the oldest manager in the majors at 67, says he likes having "the kids" on his team, but would it hurt to have a healthy Barry Larkin? Larkin missed more than half of last year with problems with his left leg and will miss the first few weeks of this season following surgery for a herniated disk in his neck.

The right side of the infield has Bret Boone, son of Bob, and Eduardo Perez, son of Tony, but both must hit better if they are to contribute other than defensively.

WEST

COLORADO ROCKIES Earned run averages starting with a 5 have become the Rockies' trademark. It goes with playing 81 games at Coors Field.

But in their sixth season, the Rockies feel they have their best starting rotation, beginning with Darryl Kile, whose career run average with Houston was the league's third lowest last year.

LOS ANGELES DODGERS If Rupert Murdoch, the new owner, really intends to spend wildly on players, as other

owners fear, he will have his chance later in the season when expensive player eligible for free agency become available.

In the meantime, the Dodgers will make Mike Piazza the highest-paid player ever and start Paul Konerko in place of Eric Karos, who had knee surgery last week.

SAN DIEGO PADRES In spring training—spring training!—Dave Stewart, the new pitching coach, fired a couple of his pitchers for fraternizing with the enemy before a game. That kind of stuff is unheard of these days but Stewart, always a fierce competitor, sent a clear message.

The Padres also signed Kevin Brown, who has as nasty an attitude as any pitcher. Tony Gwynn will attempt to hit .400 in this expansion season.

SAN FRANCISCO GIANTS Barry Bonds had an erratic performance last season and still hit 40 home runs and knocked in 101 runs. This season he might respond to being slighted. When people talk about unusual feats in this expansion year, they talk about other hitters, but not Bonds. That is an insult to an ego unmatched by his fellow players.

ARIZONA DIAMONDBACKS Jerry Colangelo, the team's managing partner, has won no friends among other owners with his winter expenditures for such players as Matt Williams, Jay Bell, Andy Benes, Willie Blair and Jorge Fabregas, whom Colangelo made a winner after he lost in salary arbitration.

The Diamondbacks will be among the top revenue-producing teams in the majors, and Colangelo believes he should put the best team he can on the field for the fans who will fill the team's new park.

Orioles, Indians and Mariners Again the Cream

New York Times Service
This preview was written by Murray Chass, who lists the American League teams in the predicted order of finish.

EAST

BALTIMORE ORIOLES The Orioles sport the No. 1 payroll at a shade under \$70 million. They had the best record in the majors last year and are capable of having it again. To repeat, however, they will have to overcome the departure of Davey Johnson, who manages winners wherever he goes.

Ray Miller, last a manager a dozen years ago in Minnesota, was anointed by the owner Peter Angelos to replace Johnson, whose resignation was accepted in spite of the team's first division title since 1983.

The Orioles have several players on the bench (Harold Baines and Jeffrey Hammonds, for example) who would be in other teams' starting lineups. Joe Carter has supplanted Baines as the primary designated hitter. Cal Ripken Jr., 37, keeps going, with his record consecutive-game streak at 2,478 games over 16 years.

NEW YORK YANKEES The Yankees added Chuck Knoblauch, a leadoff hitter with punch, and now their lineup is as potent as any. A full-fledged comeback from Darryl Strawberry (11 games last year, 106 the last three) would add yet another productive bat.

Pitcher David Cone has recovered from shoulder surgery, but Hideki Irabu, already an enigma, developed a spring elbow problem and is uncertain for his first start.

TORONTO BLUE JAYS The Blue Jays, trying to beef up the league's weakest offense, will rely on Jose Canseco and Mike Stanley, a pair of newcomers, and Jose Cruz Jr., whom they got in a trade last July, to drive in enough runs until Pedro Delgado returns from injury.

But Toronto boasts a pitching rotation that has the last two American League Cy Young winners, Roger Clemens and Pat Hentgen, and a closer, Randy Myers, who last year earned 45 saves in 46 chances.

BOSTON RED SOX The Red Sox long pleaded poverty then obtained Pedro Martinez from the genuinely poor Montreal Expos and agreed to pay him a record \$12.5 million a year. Lucrative contracts ensued for John Valentin and Nomar Garciaparra, though not for Mo Vaughn (three-year average of 37 homers).

TAMPA BAY DEVIL RAYS The Devil Rays, in their first season in the league, have committed significant dollars to such players as Wilson Alvarez, Roberto Hernandez, Fred McGriff and Paul Sorrento as well as a hometown attraction, Wade Boggs, who needs 200 hits to reach 3,000 as he approaches 40. The Devil Rays should be better than most previous expansion teams, but they play in a tough division, so anything but last place would be a reach.

The team's future rests with the younger players. One of those is Rolando Arrojo, a Cuban de-

factor, who will be one of the starting pitchers. He will be under the tutelage of Larry Rothschild, a rookie manager, who was the pitching coach for the World Series champion Florida Marlins.

CENTRAL

CLEVELAND INDIANS In John Hart's six years as general manager, the Indians have the best won-lost record in the league and every year Hart reshuffles the team. Four of the nine regulars are new, though one is old as well as new.

That is Keny Hargrove, who has returned to center field after a year in Atlanta. The Indians also hope Shawn Duvall, always a shortstop, can fill the hole at second. But more glaring holes exist in their starting rotation.

CHICAGO WHITE SOX By the end of last season, Albert Belle had produced 30 home runs and batted in 116 runs, but they were empty numbers. He had failed to give the White Sox value for their \$11 million a year. Belle does not like to

underachieve and his glare and his bat should be more menacing this year.

Jerry Manuel, one of two coaches who left the Marlins' staff to become American League managers, will also benefit if Ruben Sierra rediscovers the swing that once made him a feared hitter.

DETROIT TIGERS The Tigers join a new division on a roll. Last year, they lost in the East, they improved by 26 victories over 1996, a remarkable leap. The next level, manager Buddy Bell knows, will be harder to reach.

The league's best defense helped the Tigers improve, and they hope the offense is at the core of more improvement. One hitch: Deliv Cruz, the surprise at shortstop last year, is on the disabled list with a fractured ankle.

MINNESOTA TWINS Knoblauch has gone to New York. The team may go to North Carolina. For now, Tom Kelly's overmatched troops remain in the Metrodome, where they will fight to stay out of last place.

KANSAS CITY ROYALS Kevin Appier, the Royals' No. 1 pitcher, had surgery on a separated shoulder last week and may miss half the season. The starting rotation was not deep to begin with. The Royals, who may be sold this season, have had three successive losing seasons, finishing last the past two seasons.

WEST

SEATTLE MARINERS The Mariners open their season on Tuesday and Randy Johnson is scheduled to be their pitcher. To his regret, Johnson wanted out months ago when the club decided it would not give him a contract extension, but no one offered equal value for the intimidating left-hander.

The rest of the pitching lacks depth. The batting does not. The Mariners set a record last year with 264 home runs, and the fence husters are back except for Sorrento, who hit 31. David Segui, who hit 21 for Montreal, replaces Sorrento. Ken Griffey hit 56 homers. Can he top that?

ANAHEIM ANGELS The corps of talented young players like Jim Edmonds, Tim Lincecum, Garret Anderson and Darin Erstad may be ready to take that final step, and a rejuvenated Cecil Fielder could push them to it. Fielder has worked hard to show he is not at the end of his career.

TEXAS RANGERS Even in the many years he has been injured, Juan Gonzalez, has hit more home runs and driven in more runs than most players do who play the entire season. He missed 29 games last year and 28 the year before, yet hit 42 and 47 homers. The intriguing thought is how far the Rangers could ride a fully fit Gonzalez.

OAKLAND ATHLETICS Ben Grieve, the rookie right fielder, is 21 and for real. In 24 games with the Athletics last year, he drove in 24 runs and batted .312. In 127 minor league games, he knocked in 136 runs and batted .350.

The Athletics need something exciting. They have also brought Rickey Henderson and his record 1,231 stolen bases back for his fourth visit. The A's also added a pair of veteran starters, Tom Candiotti and Kenny Rogers.

The Crack of the Bat

By Dick Roraback

Away on this side of the ocean
When the chestnuts are hinting of green
And the first of the café commandos
Are moving outside for a fine
And the sound of spring beats a bolero
As Páree sheds her coat and her hat
The sound that is missed more than any
Is the sound of the crack of a bat.

There's an animal kind of a feeling
There's a stirring down at Vincennes Zoo
And the kid down the hall's getting restless
Taking stairs like a young kangaroo
Now the dandy is walking his poodle
And the concierge sunning her cat
But the heart's with the Cubs and the Tigers
And the sound of the crack of a bat.

In the park on the corner run schoolboys
With a couple of cartons for props
Kicking goals à la Fontaine or Kopa
While a little guy chatters for cops
"Goal for us," "No it's not," "You're a liar."
Then the classical shrieks of a spat
But it's not like a rhubarb at home plate
Or the sound of the crack of a bat.

Here the stadia thrill to the scrumdowns
And the soccer fans flock to the games
And the chic punt the nags out at Longchamp
Where the women are dames and not dames
But it's different at Forbes and at Griffith
The homes of the Buc and the Nat
Where the hotdog and peanut share laurels
With the sound of the crack of a bat.

No, a Yank can't describe to a Frenchman
The rasp of an umpire's call
The continuing charms of statistics
Changing history with each strike and ball
Nor the self-conscious jog of the slugger
Rounding third with the tip of his hat
Nor the half-smothered grace of a hook slide
Nor the sound of the crack of a bat.

Now the golfer is huffing his niblick
And the tennis huff's lightning his strings
And the fisherman's flexing his flyrod
Like a thousand and one other springs
Oh, the sports on both sides of the ocean
Have a great deal in common, at that
But the thing that's not here
At this time of the year
Is the sound of the crack of a bat.

Dick Roraback is a former sports editor of the Herald Tribune. His springtime elegy has appeared in this space since the 1960s.

DENNIS THE MENACE



"WE AN MARGARET HERE DECISION" WHETHER WOMEN SHOULD BE ALLOWED TO COMBAT.

JUNBLE

THAT SCRAMBLED WORD GAME

Use the letters to form words, to form other words.

PODOR

SOUDE

HERNUT

YARVOS

Now arrange the checked letters to form the words listed below, as suggested by the above words.

Answers: ERRE AWIL WOFUL CORAL

Answer: Now he's hot while reading the police station

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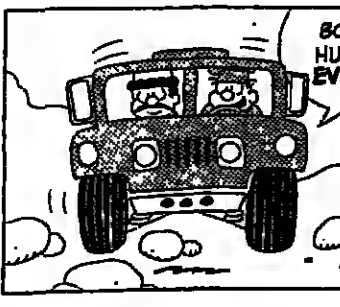
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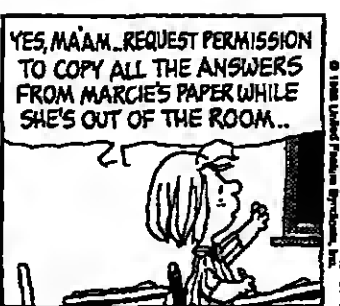
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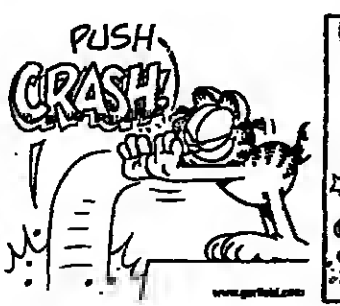
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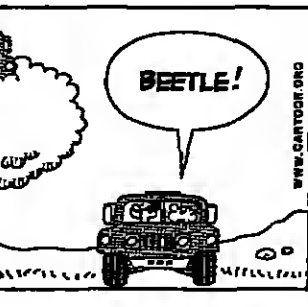
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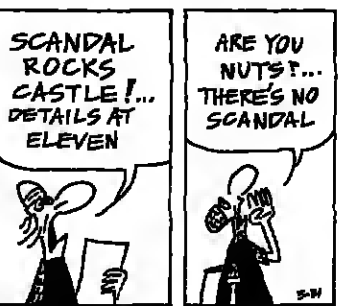
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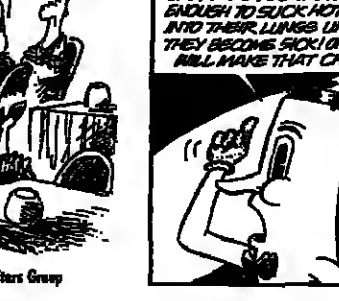
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Calling 'Guns R Us'

By Joan Dupont
International Herald Tribune




the one who resembles him the most — he believed in bombs and I make movies: a film is a weapon."



POP ON ICE — The singer Celine Dion being introduced before a Canadiens hockey game in Montreal.

A court in Tokyo has ordered the recall of a book based on letters written by the late Japanese novelist Yukio Mishima that described his homosexual relationship with a younger man. As the request of the family of Japan's most controversial post-World War II author, the Tokyo District Court ruled that even personal letters are literary works that must be protected by copyright. The book, "Mishima Yukio: Tsunagi to Kanbeni," was written by Jiro Fukukashima. It contains 15 letters sent to him by the novelist from 1962 to 1967. Mishima committed suicide in 1970 at 45 after storming into military headquarters in an attempt to provoke a coup that would lead to disarmament.

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